Bound
Periodical 904517

Kansas City
Public Library

THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI

This Volume is for
REFERENCE USE ONLY

3-36—6m—P

PUBLIC LIBRARY
KANSAS CITY
MO

PUBLIC LIBRARY
KANSAS CITY
MO

NATIONAL MUNICIPAL REVIEW

INDEX
1936

VOLUME XXV

January	1– 48	July	389–440
February	49–120	August	441–476
March	121–196	September	477–556
April	197–252	October	557–636
May	253–308	November	637–688
June	309–388	December	689-756

Supplement to the
National Municipal Review
January 1937, Vol. XXVI, No. 1

NATIONAL MUNICIPAL LEAGUE
309 EAST 34 STREET
NEW YORK

PUBLIC LIBRARY
KANSAS CITY
MO

Bound
Periodical

FE 11 '37

904517

INDEX

NATIONAL MUNICIPAL REVIEW

Volume XXV, 1936

AUTHORS

Anderson, William V. 71
Armstrong, Barbara Nachtrieb 125
Askew, J. Thomas 188
Atkins, Carter W. 686
Bennion, Fred 617
Beyer, William C. 44
Bird, Frederick L. 12
Birnbaum, Louis H. 189
Blough, J. Roy 215
Bradshaw, William L. 36, 543
Bromage, Arthur W. 85, 585, 677
Bronisch, Gotthilf 511
Brown, J. Douglas 180
Brownlow, Louis 480
Burdine, J. Alton 243
Burger, A. A. 631
Buttenheim, Harold S. 23, 663
Byam, Frank 686
Calrow, Charles J. 445, 613
Campbell, C. Herald 301
Campbell, O. W. 424
Carr, Frederick W. 257
Childs, Richard S. 50
Chubb, L. R. 407
Clark, Jane Perry 151
Cohen, Wilbur J. 164
Connor, Franklin G. 176
Cooke, Morris L. 262
Cooper, Owen 428
Cottrell, Edwin A. 561
Crosser, C. A. 552
Crouch, Winston W. 659, 671
Cummin, Hart 304
Cummins, Paul Z. 300
Curry, G. Berman 46, 750
Dewhurst, J. Frederic 134
Ecker-R., L. László 393, 706
Egger, Rowland 478
Ells, H. P. 685
Erdman, Charles R., Jr. 474
Evans, S. Howard 593
Everson, A. R. 751
Falk, I. S. 224
Finer, Herman 495
Fishack, Howard G. 714
Frye, Arnold 319
Gallagher, Hubert R. 32
Goodrich, Robert M. 645
Gordon, A. W. 693
Grace, Alonzo G. 95
Greene, Lee S. 33, 240, 374, 672
Hallett, George H., Jr. .. 39, 108, 191, 244, 298, 372, 375, 432, 547, 627, 677, 745
Harding, Edward W. 752
Harris, Joseph P. 122
Hart, Henry 347
Henly, W. Ballentine 751
Hibbard, Russell 170
Hillhouse, A. M. 328
Hinckley, Thomas L. 36
Hoehler, Fred K. 210
Horn, Henry J. 303
Jenckes, Joseph S. 69
Johnson, Robert L. 719
Jones, Howard P. 72, 102, 465
Jones, O. Garfield 278
Kaplan, H. Eliot 596
Key, V. O., Jr. 98
Knepper, David W. 672
Lenroot, Katharine F. 200
Lepawsky, Albert 417
Lesoir, Edmond 487
Lespes, Jules 490
Lovett, William P. 539, 742
Madden, M. W. 548
Madsen, A. W. 546
Mahoney, John H. 382
Marx, Fritz Morstein 511
Mastick, Seabury C. 572
Mauck, Elwyn A. 589
McCaffrey, George H. 736
McKinley, Charles 146
Miller, Chalmers C. 683
Mohaupt, Rosina 722
Morgan, Arthur E. 268
Mosher, William E. 283
Nolting, Orin F. 54
Nowland, John W. 630
Olmsted, H. M. 30, 98, 187, 236, 289, 369, 423, 539, 619, 669, 736
Olmsted, Sophia A. 649
Opie, E. W. 67
Paige, Robert M. 44, 112, 192, 246, 300, 381, 434, 548, 629, 680, 749
Paquin, Samuel S. 239
Pate, James E. 374, 544, 742
Peel, Roy V. 528
Pierpoint, W. L. 189
Porter, Robert M. 80

Pouder, William R. 630
Prescott, Frank W. 241
Ratchford, B. U. 323
Reed, Thomas H. 313, 407, 741
Reinhold, Frances L. 452
Renne, R. R. 295, 401, 672
Richardson, I. M. 68
Ridley, Clarence E. 26
Rightor, C. E. 354
Rose, Charles O. 76
Rowlands, W. A. 20
Rubinow, I. M. 138
Sanford, Harold W. 35, 102, 373, 561
Schultz, Oscar T. 577
Sellier, Henri 501
Selvidge, Lew 673
Seybold, Geneva 60, 117, 194, 250, 289, 291, 305, 385, 437, 553, 635, 687, 753
Sharp, Walter R. 504
Shipman, George A. 7
Smith, Ethan 249
Smith, H. R. 70
Smith, Wade S. 36, 106, 190, 243, 296, 378, 428, 544, 624, 674, 743
Smoleff, Samuel D. 295
Snider, Clyde F. 427
Spencer, Richard C. 471
Spicer, George W. 561
Stanley, Minnie J. 71
Steiner, H. Arthur 520
Stephenson, C. M. 271
Stevenson, Marietta 205
Stone, Donald C. 45, 634
Stone, Harold 436
Studenski, Paul 333
Tanzer, Laurence Arnold 535
Taylor, Philip D. 654
Trackett, Mary C. 609
Uhl, Raymond 68, 303, 601
Vinck, Emile 483
Wager, Paul W. 33, 102, 188, 239, 295, 372, 426, 543, 604, 623, 671, 741
Wallerstein, Morton L. 453
Webb, Malcolm L. 412
Wells, Roger H. 511
Williams, J. Kerwin 641
Wilcox, Paul B. 680
Wilson, O. W. 700
Witte, Edwin E. 157
Womer, P. P. 92
Zukerman, T. David 341

TITLES AND SUBJECTS

Aberdeen, South Dakota:
  Defeats Manager Proposal 539
Advances in Interstate Coöperation During 1935 31
Allegheny County, Pennsylvania:
  Civic Club 550
Amarillo, Texas:
  Does Good Government Stick? 70
American Municipal Association Represented in Washington 187
American Public Utilities Bureau 112
Annual Appraisal of Municipal Reports 26
Another Wolf in Sheep's Clothing? (Editorial) 391
Apportionment of State Relief Funds .. 706
Appraisal of the Social Security Act 138
Asbury Park, New Jersey:
  Pays Bond Interest Through 1934 676
Ashtabula, Ohio:
  Retains Manager Plan 31
Assessments: (See also Taxation)
  Centralized Assessment and Collection for New York Units Offered 107
Atlanta, Georgia:
  Atlanta-Fulton Merger Proposed 188
  Council-Manager Plan Developments . 423
Atlantic City, New Jersey:
  Scrip Still in Use 297
  Survey Commission 750
Australia:
  P. R. Activity 245
Baldwin Prize Award 2, 442
Baltimore, Maryland:
  Commission on Governmental Efficiency and Economy 302
Bar Harbor, Maine:
  Council-Manager Developments 290
  Defeats Manager Proposal 669
Beaumont, Texas:
  Retains Manager Plan 369
  Thanks the League 310
Bethany, Oklahoma:
  Defeats Proposed Manager Charter .. 369
Bibliography:
  Colorado, A Bibliography of Official County Publications 624
  Selected Bibliography on City Management 97

Bigger and Better Tax Limitation (Editorial) 443
Black Sheep: The Story of the Abandonments of the Manager Plan 85
Bonded Debt of 283 Cities as at January 1, 1936 354
Boston, Massachusetts:
  Bureau of Municipal Research 248
  Consolidation Proposed in Metropolitan Area 239
  Governmental Broadcasts in Boston and New York State 188
Boulder, Colorado:
  Tenth P. R. Election 43
Brattleboro, Vermont:
  Black Sheep: The Story of the Abandonments of the Manager Plan 85
British Body Condemns "Use Value" Base for Realty Taxation 546
Brookings Institution, Institute for Government Research 115
Budgets: (See Finance—Budgets)
Business Man's Stake in the Civil Service 719
Buying a Mirage (Editorial) 560
By-Products of Police Radio 474
Calais, Maine:
  Defeats Manager Charter 290
  To Vote on Manager Plan 236
California:
  Bureau of Public Administration, University of California 629
  City-County Consolidation 742
  Commonwealth Club 682
  Consolidation Pays 105
  Permanent Registration Under Attack 98
  Proposal for Unicameral Legislature 237
  Spotlight on the County Manager Plan 561
  State Aid and Tax Limitation 659
  State Chamber of Commerce 116
  State-wide Police Training 540
  Taxpayers' Association 434
Cambridge, Massachusetts:
  Page New Sources of Revenue 297
Canada:
  Citizens' Research Institute 304
  Considering P. R. 433
  Need of P. R. 628
Can We Secure Social Security (Editorial) 122
Cedar Rapids, Iowa:
  Manager Plan Developments 236
Changing State-Local Financial Picture in France 504
Charlottesville, Virginia:
  Does Good Government Stick? 68
Chicago:
  City Club 550
  Civic Federation and Bureau of Public Efficiency 248
  Manager Plan Developments 369
  P. R. for Chicago? 192
  Research Division of the Law Department of the City 114
Chickasha, Oklahoma:
  Defeats Manager Proposal 539
  Elects Board of Freeholders 369
Children in the Social Security Program 200
Cincinnati:
  Bureau of Governmental Research 300
  Fight Is On 244
  Gets a New Sort of Council 39
  Keeps Its Lead 76
  P. R. and Cincinnati's Mayor 108
  P. R. Wins 375
Citizen Action:
  Citizenship Course at Hobart College 670
  Collegians Steal Legislators' Fire 412
  Competent Citizenship: The Only Way to Good Government 92
  Effective Citizenship Training 278
  Governmental Research and the Citizen 593
  Toledo Citizens' Survey Report 187
Citizens' Councils for Constructive Economy:
  Citizens' Councils Linked in National Federation (Editorial) 51
  Competent Citizenship: The Only Way to Good Government 92
  New Pamphlet Issued by Citizens' Council Federation 442
City-County Consolidation:
  Atlanta-Fulton Merger Proposed 188
  California—City-County Consolidation 742
  Florida—City-County Consolidation Approved 743
  Tennessee—City-County Consolidation Proposed 240
City Managers and City Manager Government:
  Assistants for City Managers 619
  Black Sheep: The Story of the Abandonments of the Manager Plan 85
  Cincinnati Keeps Its Lead 76

City Manager Government (Editorial) 50
City Managers Appoint Career Service Committee 239
City Managers Name Coöperating Committee 236
Council-Manager Cities During the Depression 60
Does Good Government Stick? Reports from Pioneer Manager Cities 67
Manager Government in Pennsylvania 80
Manager Plan Developments 31, 99, 187, 236, 290, 369, 423, 539, 619, 669, 737
Managers Meet at Richmond 737
New Adherents to the Manager Plan: How They are Faring 72
Progress in City Management 96
Proposed Pomona Charter 423
Saga of a Village Manager 654
Selected Bibliography on City Management 97
Testimonial for Manager Government 539
Toledo Appoints John N. Edy as Manager 31
Who Are These City Managers? 54

Civil Service: (See Personnel)
Civil Service Assembly, Annual Meeting of 740

Clackamas County, Oregon:
Demonstrates Planning 295

Cleveland:
Black Sheep: The Story of the Abandonments of the Manager Plan .. 85
To Have Federal Relations Commissioner 540

Collegians Steal Legislators' Fire 412

Colorado:
Bibliography of Official County Publications 624
Old-Age Pensions Hit 297

Columbus, Ohio:
Council-Manager Developments 236, 290, 369
May Vote on P. R. This Fall 432
Vote Postponed 628

Comparative Tax Rates of 259 Cities, 1936 722
Competent Citizenship: The Only Way to Good Government 92

Consolidation of Functions:
Functional Consolidation in the Counties of Virginia 601
Milwaukee City Parks to be Transferred to County 374
Montana—Agitation for Simplified County Government 295
Montana Saving Through Merging County Offices 105
North Carolina Counties Save Through Transfer of Functions 241
Wisconsin Power District Movement 240, 671

Constitutions:
Constitution a Subject of Radio Broadcasts 2
Constitutional Convention for New York? 371
Constitutional Convention for Rhode Island 98
New York to Hold Constitutional Convention 739
P. R. Apparently Constitutional in New York 746
Rhode Island Defeats Constitutional Convention Proposal 238

Consultant Service of National Municipal League:
Governmental Survey of St. Petersburg, Florida 425
Nassau County Adopts a New Charter 741
Nassau County Charter Bill Passed .. 373
Nassau County Charter Passes Assembly 235
New York State—New County Charter Proposals 102
St. Petersburg Survey 223

Coroner:
A Physician Examines the Coroner .. 577

Council-Manager Cities During the Depression 60

County Government and Consolidation: (See also Names of Individual Counties)
California—Consolidation Pays 105
Colorado—A Bibliography of Official County Publications 624
Consolidation Proposed in Boston Metropolitan Area 239
County Government Bills at Albany 372
County Jail Financing in Kentucky .. 271
County Jails Condemned 674
County Planning in Missouri 35
Fewer County Officers in New York City 295
Functional Consolidation in the Counties of Virginia 601
Michigan County Amendment Defeated 742
Missouri County Audits 543

Montana—Agitation for Simplified County Government 295
Montana—County Consolidations Must Have Popular Endorsement 743
Montana Referendum on County Consolidation 672
Montana Saving Through Merging County Offices 105
New Jersey County Government Costly 105
New York Senate Again Approves Optional P. R. for Counties 377
New York Sheriff's Office Useless Extravagance 544
New York's Struggle for County Home Rule 572
New York State—New County Charter Proposals 102
North Carolina Counties Save Through Transfer of Functions 241
North Carolina Districts Vote School Supplement 623
Ohio Property Tax Limitation Forces Drastic Economies 105
Personnel Program for the County Service 596
Physician Examines the Coroner, A . 577
Planner Faces a New Job, The 613
Reorganization of Westchester County Again Defeated 374
Tennessee Counties Coöperate with the TVA 240
Tennessee County and Regional Planning and Zoning Begins 241
Tennessee Supreme Court Invalidates Anti-fee Law 240
Texas—Abolition of Fee System 242
Texas Liquor Control Act 242
Texas Old-Age Assistance 243
Toward Better County Government (Editorial) 312
Virginia County Planning Legislation 374
Virginia—County School Board v. Board of Supervisors 742
Washington—County Consolidation Proposed 240
Washington—County Unit for Road Administration 673
Washington—Surveys Launched in Eight Southwestern Counties 624
Wisconsin Old-Age Pension System Altered to Conform with Federal Law 33

County Manager Government:
Courts Void Cuyahoga County's New Charter 189
Cuyahoga County, Ohio, Charter Challenged 36
District Court of Douglas County Holds County Manager Law Valid 189
Douglas County, Nebraska, Loses Again 427
Hamilton County, Tennessee, Organizes for Manager Government 427
Manager Plan Developments...... 31, 99, 423, 539
Manager Plan in Los Angeles County Halted 671
Manager Plan Upheld in Monroe County 741
Monroe County Act Sustained 373
Monroe County, New York, Adopts Manager Plan 35
Nebraska Optional County Manager Act Unconstitutional 241
New Jersey Clearing Way for County Managers 239
P. R.-Manager Majorities in Cuyahoga County 378
Record of the County Manager Plan (Editorial) 559
Reform in a Rush (Editorial)...... 5
Results of Good Management in Durham County, North Carolina 104
Spotlight on the County Manager Plan 561

Courts:
Courts Void Cuyahoga County's New Charter 189
Court Upholds PWA Power Loans to Cities 428
District Court of Douglas County Holds County Manager Law Valid 189
Douglas County, Nebraska, Loses Again......................... 427
High Court Voids Sumners-Wilcox Municipal Debt Act 378
Manager Plan Upheld in Monroe County 741
Monroe County Act Sustained 373
Municipal Bankruptcy Act Rehearing Denied 674
Municipal Bankruptcy Decision (Editorial) 311
Tennessee Supreme Court Invalidates Anti-fee Law 240

Crime:
Interstate Commission on Crime Holds Second Annual Meeting 541
Interstate Coöperation Against Crime 33

Cuyahoga County, Ohio:
Charter Challenged 36

Courts Void New Charter 189
Manager Charter Ruled Out 31
Must Try Again 245
Pressure for Local Spoils 471
P. R.-Manager Majorities 378
Rejects Charter Commission 743
Seeking Another Charter Commission.. 672

Dayton, Ohio:
Does Good Government Stick? 71
Research Association 683

Decline, Fall and Resurrection of the Credit of the City of Detroit 347

Denmark:
Local Government in Scandinavia.... 528

Design for Country Living 604

Des Moines, Iowa:
Bureau of Municipal Research 551
Manager Plan Developments 99

Detroit, Michigan:
Attempt to Restore Ward Government 539
Bureau of Governmental Research.. 549
Decline, Fall and Resurrection of the Credit of the City 347
Defeats Ward-Council Plan 737
To the Fore Again 298

Does Good Government Stick? Reports from Pioneer Manager Cities 67

Douglas County, Nebraska:
District Court of Douglas County Holds County Manager Law Valid 189
Loses Again 427
Nebraska Optional County Manager Act Unconstitutional 241

Dover-Foxcroft, Maine:
Council-Manager Developments 290

Dublin, Ireland:
P. R. in the Election of 1936 677

Durham County, North Carolina:
Results of Good Management 104

Economic Implications of the Social Security Program 134

Education:
Increased State Aid for Schools 292
North Carolina Districts Vote School Supplement 623
Virginia—County School Board v. Board of Supervisors 742

Effective Citizenship Training 278

Effect of the Depression on State-Local Relations 465

Effect of the Social Security Program Upon Welfare Administration 210

El Cerrito, California:
To Vote on Manager Plan 236

Elections and Voting: (See also Proportional Representation)
New Rochelle Scraps Nonpartisan Elections 370

Erie County, New York:
Deals in Real Estate 589
Manager Plan Developments 99
New County Charter Proposals 102

Essentials of Unemployment Compensation 157

Expanding Area of Government (Editorial) 198

Fall River, Massachusetts:
Black Sheep: The Story of the Abandonments of the Manager Plan 85

Federal Government: (See also Federal Relations with State and Local Governments)
Civil Service Rules Urged for Federal Emergency Agencies 371
President Roosevelt Appoints Survey Committee 214
Stockmen Disagree on Effects of Federal Land Purchase 617

Federal Relations with State and Local Governments:
Approved State Social Security Plans.. 541
Cleveland to Have Federal Relations Commissioner 540
Coöperation Between Federal and State Employment Services 740
Debt Adjustment Again Wide Open? 430
Court Upholds PWA Power Loans to Cities 428
Federal Aid for Public Service Training 669
Federal Municipal Debt Adjustment Act 328
Federal-Municipal Relations—The Road Thus Far 452
Federal-Municipal Relations—Whither Bound 453
Federal Policy Jolts Local Finance 36
Federal-State Coöperation under the Social Security Act 151
Federal-State Program of Unemployment Compensation 164
First Federal Social Security Payments Made 187
High Court Voids Sumners-Wilcox Debt Act 378
Hope for Municipal Bankruptcy Act.. 546
Intergovernmental Coöperation for Park Development 620

Mayors Ask Federal Work for Three Million Employables 100
Municipal Bankruptcy Act Rehearing Denied 674
Municipal Bankruptcy Decision (Editorial) 311
Municipal Debt Readjustment Actions 296
Municipalities and R. E. A. 262
Municipal Problems Facing the 75th Congress 641
Need for a Federal Library Agency.. 294
New Federal Library Agency 541
Probable Effects of Federal Land Purchase on Local Government 401
WPA Making Extensive Compilation on Municipal Government 670

Fee System:
County Jail Financing in Kentucky.. 271
Tennessee—Supreme Court Invalidates Anti-fee Law 240
Texas—Abolition of Fee System 242

Finance—General: (See also Taxation)
Changing State-Local Financial Picture in France 500
Council-Manager Cities During the Depression 60
Depression Finances of Massachusetts Cities 36
Effect of the Depression on State-Local Relations 465
Federal Policy Jolts Local Finance ... 36
Financing the Welfare Provisions of the Social Security Program 215
Importance of Sound Governmental Credit 341
Increasing Importance of Government. 191
Kentucky Gets Revenue Department in State Reorganization 625
Leading Cities' Finances Improve 106
Missouri County Audits 543
Municipal Financing Up for Year.... 675
New Jersey County Government Costly 105
New Jersey Plan for $27,857,121 Saving 107
New York Mayors' Conference Seeks City Stability 106
St. Petersburg Survey 223
Scrip Still in Use 297
Unemployment Compensation Administration Costs 619

Finance—Bonds and Debts:
Asbury Park Pays Bond Interest Through 1934 676
Bonded Debt of 283 Cities as at January 1, 1936 354
Cities and Their Debt Burdens 12
Cities Pare Down Their Debts (Editorial) 318
Debt Adjustment Again Wide Open?.. 430
Decline, Fall and Resurrection of the Credit of the City of Detroit 347
Federal Municipal Debt Adjustment Act 328
Fiscal Aspects of Serial Bonds 333
High Court Voids Sumners-Wilcox Municipal Debt Act 378
Hope for Municipal Bankruptcy Act .. 546
Municipal Bankruptcy Decision (Editorial) 311
Municipal Debt Readjustment Actions 296
Programs of Municipal Credit Rehabilitation 313
Sound Advice on Borrowing 244
State Receiverships of Insolvent Municipal Corporations 319

Finance—Budgets:
Balancing the British Budget 298
New Budget Law for New Jersey Municipalities 745
Pennsylvania Cities' Budget Progress Reported 676

Fire Protection:
Fire Prevention Contest Awards 291

Fiscal Aspects of Serial Bonds 333

Florida:
City-County Consolidation Approved.. 743
Tax Collections Improve 380

Fort Lee, New Jersey:
Council-Manager Developments 290

Fort Wayne, Indiana:
Taxpayers Research Association 683

France:
Changing State-Local Financial Picture 504
Outlook for Local Government 501

Fulton County, Georgia:
Atlanta-Fulton Merger Proposed 188

Future of the Municipal Research Bureau 714

Germany:
New Local Government 511

Glendale, California:
Does Good Government Stick? 71

Great Britain:
Balancing the British Budget 298
British Body Condemns "Use Value" Base for Realty Taxation 546
British Perspective on Local Government (Editorial) 4

British Publication Follows Lead of REVIEW in Appraising Municipal Reports 254
Last British Election Strengthens the Case for P. R. 109
P.R. Prospects in Great Britain 433
Recent Developments in English Local Government 495

Greece:
Goes Back to P. R. 378

Guides for Approaching Conflicting Taxation Problems 379

Hackensack, New Jersey:
New Adherents to the Manager Plan 72

Hall, Arnold Bennett, Death of 390

Hamilton County, Tennessee:
Considers Manager Plan 539
Organizes for Manager Government ... 427

Hamilton, Ohio:
Increases Independent Majority 41

Harrington, Delaware:
Adopts Manager Plan 236

Harrisonburg, Virginia:
Defeats Manager Proposal 669
To Vote on Manager Plan 539

Hartford, Connecticut:
Municipal League 48

Harvard University Bureau for Street Traffic Research 383

Harvard University Establishes Graduate School of Public Administration... 30

Health:
Health, Sickness and Social Security.. 224
Winners in Inter-Chamber Health Contest 290

Henrico County, Virginia:
Adopts Merit System 543

Home Rule:
New York Mayors Seek Home Rule for Relief 100
New York's Struggle for County Home Rule 572
Set-Back for Wisconsin Home Rule.. 622
West Virginia Adopts a Home Rule Amendment 739

Housing:
Housing Conference at Pennsylvania State College 238
Long-Term Rebuilding to Prevent Slums 236
National Housing Act Stimulates Zoning and Planning 101
New Community Planning and Housing Courses 425

Illinois:
Permanent Registration 424

Impediments to Municipal Career Service 738

Importance of Sound Governmental Credit 341

Increasing Importance of Government .. 191

Indiana:
Reorganizes for Welfare Administration 426

Indianapolis, Indiana:
Bureau of Governmental Research, Chamber of Commerce 545, 632

Industry:
Industrial Disputes and City Government (Editorial) 392
Mississippi Seeks Industry 672
Toledo Establishes Official Industrial Peace Board 369

Initiative, Referendum and Recall:
Montana County Consolidations Must Have Popular Endorsement 743

Institute for Managers of Publicly Owned Utilities 268

Institute of Public Administration 48

International Coöperation:
International Idea, The 478
International Institute of Administrative Sciences 487
International Union of Local Authorities 483
Mainly About Words 490
Planning and Coöperation Among International Organizations 480

Interstate Coöperation:
Advances in Interstate Coöperation During 1935 31
Conferences for Interstate Coöperation 237
Interstate Commission on Crime Holds Second Annual Meeting 541
Interstate Coöperation 445
Interstate Coöperation Against Crime 33
Interstate Town Report Competition 620, 737
Regional Meeting of Commissions on Interstate Coöperation 32

Irvington, New Jersey:
Council for Municipal Economy 631

Italy:
Italian Law on Communal and Provincial Government 520

Jamestown, New York:
Manager Developments 236

Juggling Local Functions (Editorial).. 560

Kansas City, Missouri:
Civic Research Institute 752

- **Kentucky:**
  - Administrative Reorganization and the Merit System 292
  - Contemplates Reorganization 98
  - County Jail Financing 271
  - Gets Revenue Department in State Reorganization 625
  - Governmental Reorganization 237
  - Legislative Councils for Virginia and Kentucky 425
  - Legislature Passes Manager Enabling Act 236
  - Tax Reduction Association 302
- **Lake County, Indiana:**
  - Taxpayers Association 548
- **Land Policy:**
  - Erie County, New York, Deals in Real Estate 589
  - Increased City Land Holdings Present Management Problem 621
  - Probable Effects of Federal Land Purchase on Local Government 401
  - Stockmen Disagree on Effects of Federal Land Purchase 617
  - Toward a Municipal Land Policy (Editorial) 691
- **Legislatures and Legislation:**
  - Collegians Steal Legislators' Fire 42
  - Legislative Councils for Virginia and Kentucky 425
  - Legislative Research Bureau for Editors? 370
  - Legislative Services 99
  - Mississippi Legislature Faces the Tax Problem 428
  - Nebraska Elects Its Single-House Legislature 739
  - New York Conference on Legislation Holds Successful Meeting 442
  - Proposals for Unicameral Legislatures 237
  - P. R. Proposals in Two Legislatures 112
  - Recent Legislative Developments 429
  - State Legislatures and Local Government 370
  - State Social Security Legislation 30
  - Unemployed Capture New Jersey Legislature (Editorial) 256
- **Libraries:**
  - Memphis Establishes Municipal Reference Library 290
  - Need for a Federal Library Agency 294
  - New Federal Library Agency 541
  - State Aid for Libraries 99
- **Lima, Ohio:**
  - Black Sheep: The Story of the Abandonments of the Manager Plan 85
- **Liquor Control:**
  - Texas Liquor Control Act 242
- **Little Rock, Arkansas:**
  - Manager Developments 423
- Long-Term Rebuilding to Prevent Slums 236
- **Los Angeles, California:**
  - City Bureau of Budget and Efficiency 196
  - Civic Affairs Council 750
  - Council-Manager Plan Developments 423
- **Los Angeles County, California:**
  - California—Consolidation Pays 104
  - Department of Budget and Research 749
  - Manager Plan Halted 671
  - Student Apprentices 620
  - To Vote on Manager Charter 539
- **Louisiana:**
  - Louisiana After Long 257
- **Louisville, Kentucky:**
  - Department of Municipal Research and Service of the City 246
- **Ludlow, Massachusetts:**
  - Ludlow Manufacturing and Sales Company, Municipal Research Department of 114
  - Manager Plan Developments 31, 423
- **Maine:**
  - Interstate Town Report Competition 620, 737
- Mainly About Words 490
- **Mamaroneck, New York:**
  - Saga of a Village Manager 654
- Martin, James W. 243
- **Massachusetts:**
  - Council-Manager Developments 187
  - Depression Finances of Cities 36
  - P. R. Bills Defeated After Favorable Report 433
  - P. R. Bills Given Hearing 191
  - P. R. Proposals in Two Legislatures 112
- McBain, Howard Lee, Death of 310
- **Memphis, Tennessee:**
  - Establishes Municipal Reference Library 290
- **Metropolitan Areas:**
  - Consolidation Proposed in Boston Metropolitan Area 239
  - New York Regional Planning 674
  - Redefining the Metropolitan Area 417
- **Michigan:**
  - Civil Service Proposal 621
  - County Amendment Defeated 742

League Sponsors Model Personnel Department 371
Personnel Study 238
Proposal for Unicameral Legislature .. 237

Milledgeville, Georgia:
Council-Manager Developments 539

Milwaukee, Wisconsin:
Citizens' Bureau 384
City Parks to Be Transferred to County 374

Minnesota:
Taxpayers Association 683

Minot, North Dakota:
New Adherents to the Manager Plan.. 72

Mississippi:
Legislature Faces the Tax Problem .. 428
Seeks Industry 672

Missouri:
County Audits 543
County Planning 35

Monroe County, New York:
Adopts Manager Plan 35
County Act Sustained 373
Manager Plan Upheld 741
Reform in a Rush (Editorial)........ 5
Spotlight on the County Manager Plan 561

Montana:
Agitation for Simplified County Government 295
County Consolidations Must Have Popular Endorsement 743
Referendum on County Consolidation 672
Saving Through Merging County Offices 105

More Calls for Research Bureaus (Editorial) 640

Municipal Government: (See also Federal Relations with State and Local Governments, State-Local Relations, and Names of Individual Cities)
Bonded Debt of 283 Cities as at January 1, 1936 354
British Perspective on Local Government (Editorial) 4
Cities and Their Debt Burdens 12
Cities Pare Down Their Debts (Editorial) 318
City Relief Problems 669
Comparative Tax Rates of 259 Cities, 1936 722
Conference of Mayors Establishes Departments 539
Conference of Municipal Officials Planned 540
Depression Finances of Massachusetts Cities 36
Fire Prevention Contest Awards 291
Increased City Land Holdings Present Management Problem 621
Industrial Disputes and City Government (Editorial) 392
Interstate Town Report Competition.. 737
Italian Law on Communal and Provincial Government 520
Leading Cities' Finances Improve 106
Local Government in Scandinavia 528
Local Government Round Table 425
Municipal Financing Up for Year.... 675
Municipal Legal Information Service.. 237
Municipal Power of Investigation 649
New Budget Law for New Jersey Municipalities 745
New Local Government of Germany.. 511
New Local Government Publication (Editorial) 256
New York Mayors' Conference Seeks City Stability 106
New York Mayors Seek Home Rule for Relief 100
New York State Mayors Discuss Municipal Utilities 238
Ohio One Per Cent Law Hits Cities .. 243
Outlook for Local Government in France 501
Pennsylvania Cities' Budget Progress Reported 676
Programs of Municipal Credit Rehabilitation 313
Recent Developments in English Local Government 495
Regional Meetings of State Municipal Leagues 293
Restoration of City Pay Cuts 188
Six Thousand Cities in State Leagues 292
Survey Committee Reports on New Jersey Local Government 370
Toward a Municipal Land Policy (Editorial) 691
Town Planning and Taxation: Friends or Foes 663
West Virginia Adopts a Home Rule Amendment 739
Winners in Inter-Chamber Health Contest 290
WPA Making Extensive Compilation on Municipal Government 670

Municipal Reports: (See Reporting)
Nassau County, New York:
  Adopts a New Charter 741
  Charter Bill Passed 373
  Charter Passes Assembly 235
  New County Charter Proposal 102
  Toward Better County Government (Editorial) 312
National League of Women Voters Endorses P. R. 377
National Municipal League: (See also Citizens' Councils for Constructive Economy and Consultant Service)
  Baldwin Prize Award 442
  Beaumont Thanks the League 310
  British Publication Follows Lead of REVIEW in Appraising Municipal Reports 254
  Convention Echoes 3
  Date Set for Convention 390
  Death of Howard Lee McBain 310
  Dr. Dodd's Activities 254
  Hall, Arnold Bennett, Death of...... 390
  League Loses Two Active Members.. 254
  League Personalities 390
  League's Convention 310
  League's Forty-second Annual Conference 638
  League's New York State Committee Meets 390
  Miss Wells Honored by Women Voters 310
  Mr. Childs Accepts New Post 310
  Mr. Seasongood Continues His Good Government Work 254
  New Baldwin Prize Essay Contest .. 2
  New Pamphlet Issued by Citizens' Council Federation 442
  New York Conference on Legislation Holds Successful Meeting 442
  1936 League Convention to be held in Toledo 254
  Nominating Committee Chosen 558
  Nomination of Officers for 1937 638
  On Special Issues 310
  P. R. in New York State Conference Program 548
  Toledo Convention 690
  You and Your Government Radio Broadcasts 2
Nebraska:
  Elects Its Single-House Legislature.. 739
  Homestead Exemption for? 693
  Optional County Manager Act Unconstitutional 241
New Adherents to the Manager Plan: How They Are Faring 72
New Bedford, Massachusetts:
  Sound Advice on Borrowing 244
  Taxpayers Association 304
New Haven, Connecticut:
  New Haven Taxpayers, Inc. 680
New Jersey:
  Clearing Way for County Managers.. 239
  County Government Costly 105
  New Budget Law for Municipalities. 745
  Plan for $27,857,121 Saving 107
  Proposal for Unicameral Legislature . 237
  Relief Show-down Approaches 544
  Relief Situation 426
  Relief Tangle Clears 675
  Santa Claus Comes to New Jersey... 429
  State Receiverships of Insolvent Municipal Corporations 319
  Survey Committee Reports on Local Government 370
  Taxpayers Association 751
  Unemployed Capture Legislature (Editorial) 256
New Local Government of Germany... 511
New Local Government Publication (Editorial) 256
New Mexico:
  Taxpayers' Association 435
New Municipal Laboratory (Editorial). 199
New Orleans, Louisiana:
  Bureau of Governmental Research 436
New Rochelle, New York:
  Scraps Nonpartisan Elections 370
New York City:
  Achieves a Modern Charter 736
  Adopts P. R. 680
  Attempt to Prevent Vote on Charter.. 621
  Charter Revision Committee Reports.. 289
  Citizens Budget Commission 192
  City Club 684
  Drafts a Charter (Editorial) 255
  Fewer County Officers 295
  Final Draft of Charter Filed......... 540
  Junior Chamber of Commerce Prepares City Planning Exhibit 738
  Municipal Power of Investigation ... 649
  New York Victory 745
  P. R. Campaign 627
  P. R. Proposal Finding Favor 376
  Proposed Charter 535
  Sheriff's Office Useless Extravagance.. 544
  To Vote on P. R. This Fall 298
  Voters Get Complete P. R. Draft 547

New York State:
- Centralized Assessment and Collection for New York Units Offered 107
- Conference on Legislation Holds Successful Meeting 442
- Constitutional Convention for 371
- County Government Bills at Albany .. 372
- Governmental Broadcasts in Boston and New York State 188
- League's New York State Committee Meets 390
- Mayors' Conference Seeks City Stability 106
- Mayors Seek Home Rule for Relief.. 100
- New County Charter Proposals 102
- P. R. Apparently Constitutional 746
- P. R. in State Conference Program .. 548
- P. R. Proposals in Two Legislatures.. 112
- Proposal for Unicameral Legislature . 237
- Reform in a Rush (Editorial) 5
- Regional Meetings and Training Schools 540
- Regional Planning 674
- Senate Again Approves Optional P. R. for Counties 377
- Spotlight on the County Manager Plan 561
- State Mayors Discuss Municipal Utilities 238
- Struggle for County Home Rule...... 572
- Tax Limitation Again Proposed 296
- Thirty-fourth State with Approved Old-Age Pension Plan 425
- To Hold Constitutional Convention.. 739
- To Increase Extent of Training Work.. 669
- Toward Better County Government (Editorial) 312
- Town Officers Schools 102

North Adams, Massachusetts:
- Defeats Manager Proposal 737
- To vote on Manager Plan 539

North Carolina:
- Collections Up 380
- Counties Save Through Transfer of Functions 241
- Districts Vote School Supplement 623
- Homestead Exemption Proposed 623
- Simplified Tax Foreclosure Procedure Proposed 623
- Work of the Local Government Commission 323

Norton, Virginia:
- Adopts Manager Plan 30
- Elects First Manager Council 539

Norway:
- Local Government in Scandinavia.... 528

Oakland, Maine:
- Adopts Manager Plan 187

Ohio:
- One Per Cent Law Hits Cities 243
- Property Tax Limitation Forces Drastic Economies 105
- State Police School 187

Old Age Security: (See Social Security)

Orange, Virginia:
- Adopts Manager Plan............. 31

Outlook for Local Government in France 501

Owensboro, Kentucky:
- Defeats Manager Proposal 737
- Manager Plan Developments 539, 619

Parks and Playgrounds:
- Intergovernmental Coöperation for Park Development 620
- Milwaukee City Parks to be Transferred to County 374

Paterson, New Jersey:
- Council Manager Developments 290

Pennsylvania:
- Cities' Budget Progress Reported 676
- Collegians Steal Legislators' Fire 412
- Council Manager Developments 290
- Economic Council 115
- Housing Conference at State College.. 238
- Manager Government in 80

Pensions: (See Social Security)

Permanent Registration:
- Permanent Registration in Illinois.... 424
- Permanent Registration Under Attack in California 98

Personnel:
- Administrative Reorganization and the Merit System in Kentucky........ 292
- Annual Meeting of Civil Service Assembly 740
- Business Man's Stake in the Civil Service 719
- City Managers Appoint Career Service Committee 239
- Civil Service Measures Approved and Defeated 737
- Civil Service Rules Urged for Federal Emergency Agencies 371
- Conference Emphasizes Training on Job 32
- Henrico County Adopts Merit System 543
- Impediments to Municipal Career Service 738
- Merit System Progress 542
- Merit System Proposals and Progress. 622
- Michigan League Sponsors Model Personnel Department 371

Michigan Personnel Study 238
Michigan's Civil Service Proposal 621
Nation-wide Poll Approves Merit System 294
Non-Federal Public Employees Organize 101
Outstanding Civil Service Gains in Past Year 101
Personnel Administration 670
Personnel Program for the County Service 596
Personnel: The Executive's Responsibility 283
Pressure for Local Spoils 471
Step Ahead, A (Editorial) 444
Trained Personnel for Social Security Programs 293
Women's Groups Demand Merit System 371

Philadelphia:
Bureau of Municipal Research 44, 684

Phoenix, Arizona:
Does Good Government Stick? 69

Physician Examines the Coroner, A 577

Pittsburgh, Pennsylvania:
Efficiency and Economy Commission 303
Governmental Improvement Proposals 33

Planning:
Clackamas County, Oregon, Demonstrates Planning 295
County Planning in Missouri 35
Design for Country Living 604
Enabling Acts for Planning and Zoning 424
Forty-seven States Have Planning Boards 541
Institute on Regional Development Considers Southern Problems 426
Junior Chamber of Commerce Prepares City Planning Exhibit 738
National Housing Act Stimulates Zoning and Planning 101
New Community Planning and Housing Courses 425
New York Regional Planning 674
Planner Faces a New Job 613
State Planners Hold Conference...... 99
Tennessee—County and Regional Planning and Zoning Begins 241
Town Planning and Taxation: Friends or Foes 663
Virginia County Planning Legislation.. 374

Planning and Coöperation Among International Organizations 480
Planning the Care of Unemployables.. 7

Police:
By-Products of Police Radio 474
College Police School Serves Wide Territory 32
Coöperative Police Radio 621
Increased Attention to Police Training 294
Ohio State Police School 187
Police Organization and Administration 700
Police Progress in 1935 100
State-Wide Police Training in California 540

Pomona, California:
Completes Manager Charter 369
Council-Manager Plan Developments 236
Defeats Manager Proposal 737
Proposed Charter 423
To Vote on Manager Plan 539

Portland, Oregon:
City Club 301
Research Department, Chamber of Commerce 686

President Roosevelt Appoints Survey Committee 214
Pressure for Local Spoils 471

Prisons:
County Jail Financing in Kentucky.. 271
County Jails Condemned 674

Probable Effects of Federal Land Purchase on Local Government 401
Programs of Municipal Credit Rehabilitation 313

Proportional Representation:
Annual P. R. Dinner 43, 628
Boulder's Tenth P. R. Election...... 43
Canada Considering P. R. 433
Canada's Need of P. R. 628
Cincinnati Gets a New Sort of Council 39
Columbus May Vote on P. R. This Fall 432
Columbus Vote Postponed 628
Cuyahoga County Must Try Again.. 245
Fight is on in Cincinnati 244
Greece Goes Back to P. R. 378
Hamilton, Ohio, Increases Independent Majority 41
Last British Election Strengthens the Case for P. R. 109
Massachusetts P. R. Bills Defeated After Favorable Report 433
Massachusetts P. R. Bills Given Hearing 191
National League of Women Voters Endorses P. R. 377
New York City Adopts P. R. 680

  New York Senate Again Approves Optional P. R. for Counties 377
  New York to Vote on P. R. This Fall 298
  New York Victory 745
  New York Voters Get Complete P. R. Draft 547
  Private Organizations Using P. R. 747
  P. R. Activity in Australia 245
  P. R. and Cincinnati's Mayor 108
  P. R. Apparently Constitutional in New York 746
  P. R. Campaign in New York...... 627
  P. R. Dinner in Toledo 746
  P. R. for Chicago? 192
  P. R. in New York State Conference Program 548
  P. R. in the Dublin Election of 1936 677
  P. R.-Manager Majorities in Cuyahoga County 378
  P. R. Proposal Finding Favor in New York City 376
  P. R. Proposals in Two Legislatures .. 112
  P. R. Prospects in Great Britain 433
  P. R. Voting Machine 432
  P. R. Wins in Cincinnati 375
  Westchester County Charter Commission 112
  Wheeling's First Year 628
Proposed New York City Charter 535

Providence, Rhode Island:
  Governmental Research Bureau 47, 435

Public Administration:
  Harvard University Establishes Graduate School of Public Administration 30
  Institute of Public Administration 48
  International Institute of Administrative Sciences 487
  Public Administration Course at Willamette University 671
  Public Administration Service 45, 633
  Voluntary Associations in the Public Administration Field 424
Public Employment Offices and Unemployment Compensation 176

Public Opinion:
  Nation-Wide Poll Approves Merit System 294
  New Journal on Public Opinion 741

Public Utilities and Public Ownership:
  Court Upholds PWA Power Loans to Cities 428
  Institute for Managers of Publicly Owned Utilities 268
  Municipalities and R. E. A. 262
  New York State Mayors Discuss Municipal Utilities 238
  Rural Electrification in Wilson County 623
  Tennessee Counties Coöperate with the TVA 240
  Wisconsin Power District Movement 240, 671

Public Welfare: (See also Social Security and Unemployment Relief)
  Effect of the Social Security Program Upon Welfare Administration 210
  Financing the Welfare Provisions of the Social Security Program 215
  Indiana Reorganizes for Welfare Administration 426

Public Works: (See also Streets and Highways)
  Public Works Administration for Municipal Engineers 372
  P. W. A. Grants Announced 675

Pulaski, Virginia:
  Adopts Town Manager Government.. 290
Quest for Direct Relief Funds 393

Racine, Wisconsin:
  Defeats Manager Charter 290
  To Vote on Manager Plan 236

Radio:
  By-Products of Police Radio........ 474
  Constitution a Subject of Radio Talks 2
  Coöperative Police Radio 621
  Governmental Broadcasts in Boston and New York State 188
  You and Your Government Radio Broadcasts 2, 96, 133, 209, 282

Real Estate: (See Taxation)
Recent Developments in English Local Government 495
Record of the County Manager Plan (Editorial) 559
Redefining the Metropolitan Area 417
Reform in a Rush (Editorial) 5

Regional Development: (See also Metropolitan Areas)
  Institute on Regional Development Considers Southern Problems 426

Relief: (See Unemployment Relief)
Relocating the Isolated Settler 20
Rental Value as a Measure of Ability to Pay 407
RFC Bank Holdings Made Tax Exempt 297

Reporting:
  Annual Appraisal of Municipal Reports 26
  Economy in Public Reporting (Editorial) 692

Interstate Town Report Competition 620, 737

Research:

Future of the Municipal Research Bureau 714

Governmental Research and the Citizen 593

Governmental Research Association 44, 550

Legislative Research Bureau for Editors?, A 370

More Call for Research Bureaus (Editorial) 640

Selling the Results of Research (Editorial) 392

West and East Share Honors for Governmental Research 293

Rhode Island:

A City-State? 645

Constitutional Convention 98

Defeats Constitutional Convention Proposal 238

Turns to Reform (Editorial) 639

Roanoke County, Virginia:

Council-Manager Plan Developments. 423

To Vote on Manager Plan 539

Robbinsdale, Minnesota:

Defeats Manager Plan 31

Rochester, New York:

Bureau of Municipal Research 48

Rural Development:

Design for Country Living 604

Progress in Rural Zoning 101

Resettlements and Local Government . 33

Rural Electrification in Wilson County 623

Rural Zoning in Wisconsin 609

Saga of a Village Manager 654

Saginaw, Michigan:

New Municipal Laboratory, A (Editorial) 199

St. Albans, Vermont:

Black Sheep: The Story of the Abandonments of the Manager Plan 85

St. Louis County, Minnesota:

Taxpayers' League 434

Saint Louis, Missouri:

Governmental Research Institute 686

St. Petersburg, Florida:

Governmental Survey 425

Rental Value as a Measure of Ability to Pay 407

Survey 223

Salaries:

Restoration of City Pay Cuts 188

Salem, Oregon:

Rejects Manager Plan 187

Salinas, California:

Adopts Manager Ordinance 539

Sandusky, Ohio:

Retains Manager Plan 737

San Francisco, California:

Bureau of Governmental Research 247

Scandinavia:

Local Government in Scandinavia 528

Schenectady, New York:

Bureau of Municipal Research 113, 383

Scholarships for Governmental Training . 188

Schools: (See Education)

Scrip:

Scrip Still in Use 297

Seattle, Washington:

Municipal League 249

Selling the Results of Research (Editorial) 392

Seventeen Governmental Associations Given New Headquarters in Chicago 101

Sewickley Heights, Pennsylvania:

Adopts Manager Plan 31

Shall We Save the Township 585

Sheriff:

New York Sheriff's Office Useless Extravagance 544

Shorewood, Wisconsin:

Abandons Manager Ordinance 369

Social Security:

Administration of the Wisconsin Unemployment Reserves and Compensation Act 170

Administrative Problems of Social Security 146

Approved State Social Security Plans . 541

Can We Secure Social Security? (Editorial) 122

Children in the Social Security Program 200

Colorado Old-Age Pensions Hit 297

Economic Implications of the Social Security Program 134

Effect of the Social Security Program Upon Welfare Administration 210

Essentials of Unemployment Compensation 157

Federal-State Coöperation under the Social Security Act 151

Federal-State Program of Unemployment Compensation 164

Financing the Welfare Provisions of the Social Security Program 215

First Federal Social Security Payments Made 187
Health, Sickness and Social Security .. 224
New York Thirty-fourth State with Approved Old-Age Pension Plan 425
Old-Age Assistance 205
Old-Age Insurance under the Social Security Act 180
Public Employment Offices and Unemployment Compensation 176
Social Insurance Abroad and at Home: The Background of Social Security Legislation 125
Social Security Act: An Appraisal 138
Social Security Measures Approved in Five More States 739
State Social Security Legislation 30
Texas Old-Age Assistance 243
Trained Personnel for Social Security Programs 293
Unemployment Compensation Administration Costs 619
Wisconsin Old-Age Pension System Altered to Conform with Federal Law 33

Sound Advice on Borrowing 244
Spotlight on the County Manager Plan . 561

State Government: (See also Interstate Coöperation, Federal Relations with State and Local Governments, State-Local Relations, and Names of Individual States)
Forty-seven States Have Planning Boards 541
Four States to Vote on Tax Limits .. 624
Italian Law on Communal and Provincial Government, The 520
Regional Meetings of State Municipal Leagues 293
Six Thousand Cities in State Leagues .. 292
Social Security Measures Approved in Five More States 739
State Planners Hold Conference 99
State Social Security Legislation 30
Useful Compilation on State Tax Departments 297

State-Local Relations:
Apportionment of State Relief Funds . 706
Changing State-Local Financial Picture in France 504
Effect of the Depression on State-Local Relations 465
Increased State Aid for Schools 292
Rhode Island—A City-State? 645
State Aid and Tax Limitation in California 659
State Aid for Libraries 99
State Legislatures and Local Government 370
State Receiverships of Insolvent Municipal Corporations 319
Survey Committee Reports on New Jersey Local Government 370
Work of the North Carolina Local Government Commission 323

Staunton, Virginia:
Does Good Government Stick? Reports from Pioneer Manager Cities .. 67

Step Ahead, A (Editorial) 444

Stevens Point, Wisconsin:
Abandons Manager Plan 369

Streets and Highways:
Washington—County Unit for Road Administration 673

Students Attend Washington Conference 273

Sulphur, Oklahoma:
Black Sheep: The Story of the Abandonments of the Manager Plan 85

Sumter, South Carolina:
Does Good Government Stick? 68

Sweden:
Local Government in Scandinavia 528

Taxation—General:
Guides for Approaching Conflicting Taxation Problems 379
Mississippi Legislature Faces the Tax Problem 428
November Election Results 743
Page New Sources of Revenue 297
Recent Legislative Developments 429
RFC Bank Holdings Made Tax Exempt 297
Santa Claus Comes to New Jersey 429
To Sweeten Our Tax Tea 23
Town Planning and Taxation: Friends or Foes 663
Useful Compilation on State Tax Departments 297

Taxation—Collection and Delinquency:
Centralized Assessment and Collection for New York Units Offered 107
Detroit to the Fore Again 298
Erie County, New York, Deals in Real Estate 589
Florida Tax Collections Improve 380
Increased City Land Holdings Present Management Problem 621

North Carolina Collections Up 380
Simplified Tax Foreclosure Procedure Proposed 623
Taxation—Homestead Exemption:
Another Wolf in Sheep's Clothing? (Editorial) 391
Homestead Exemption for Nebraska? . 693
Homestead Exemption Proposed in North Carolina 623
Homestead Tax Exemption 190
November Election Results 743
Taxation—Limitation:
Bigger and Better Tax Limitation (Editorial) 443
Buying a Mirage (Editorial) 560
Four States to Vote on Tax Limits .. 624
November Election Results 743
Ohio One Per Cent Law Hits Cities .. 243
Ohio Property Tax Limitation Forces Drastic Economies 105
State Aid and Tax Limitation in California 659
Tax Limitation Again Proposed for New York State 296
Taxation—Property:
British Body Condemns "Use Value" Base for Realty Taxation 546
Comparative Tax Rates of 259 Cities, 1936 722
Rental Value as a Measure of Ability to Pay 407
Trends in Valuations of Urban Taxable Property—1929-1935 378
Tennessee:
City-County Consolidation Proposed . 240
Counties Coöperate with the TVA .. 240
County and Regional Planning and Zoning Begins 241
Supreme Court Invalidates Anti-fee Law 240
Taxpayers Association 113, 630
Texas:
Abolition of Fee System 242
Free Traffic Consultant Service 670
Industrial, Commercial and Agricultural Conference 48
Liquor Control Act 242
Old-Age Assistance 243
Toledo, Ohio:
Appoints John N. Edy as Manager .. 31
Citizens' Survey Report 187
Commission of Publicity and Efficiency 46, 685
Effective Citizenship Training 278
Establishes Official Industrial Peace Board 369
Industrial Disputes and City Government (Editorial) 392
Topeka, Kansas:
Council-Manager Plan Developments 236
Toronto:
Bureau of Municipal Research 301
To Sweeten Our Tax Tea 23
Toward a Municipal Land Policy (Editorial) 691
Toward Better County Government (Editorial) 312
Township Government:
Juggling Local Functions (Editorial) 560
Shall We Save the Township 585
Town Officers Schools in New York State 102
Traffic:
Fellowships in Traffic Control and Administration 101
Free Traffic Consultant Service in Texas 670
Schools for Traffic Officers 620
Training for Public Service:
College Police School Serves Wide Territory 32
Conference Emphasizes Training on Job 32
Federal Aid for Public Service Training 669
Harvard University Establishes Graduate School of Public Administration 30
Increased Attention to Police Training 294
New Opportunities in Public Service Training 542
Ohio State Police School 187
Public Administration Course at Willamette University 671
Regional Meetings and Training Schools in New York State 540
Scholarships for Governmental Training 188
Schools for Traffic Officers 620
State-Wide Police Training in California 540
Student Apprentices in Los Angeles County 620
Students Attend Washington Conference 238
To Increase Extent of Training Work 669
Town Officers Schools in New York State 102

Trends in Valuations of Urban Taxable Property—1929-1935 378
Tulsa, Oklahoma:
Council-Manager Developments 539
Unemployment Relief: (See also Public Welfare and Social Security)
Administration of the Wisconsin Unemployment Reserves and Compensation Act 170
Apportionment of State Relief Funds 706
City Relief Problems 669
Essentials of Unemployment Compensation 157
Federal Policy Jolts Local Finance .. 36
Federal-State Program of Unemployment Compensation 164
Mayors Ask Federal Work for Three Million Employables 100
New Jersey Relief Show-down Approaches 544
New Jersey Relief Tangle Clears 675
New Jersey's Relief Situation 426
New York Mayors Seek Home Rule for Relief 100
Planning the Care of Unemployables .. 7
Public Employment Offices and Unemployment Compensation 176
Quest for Direct Relief Funds 393
Relocating the Isolated Settler 20
Unemployed Capture New Jersey Legislature (Editorial) 256
Unemployment Compensation Administration Costs 619
United States: (See Federal Government)
United States Conference of Mayors 539, 738
Utica, New York:
Taxpayers Research Bureau 630
Vancouver, British Columbia:
Manager Plan Developments 99
Vermont:
Interstate Town Report Competition 620, 737
Vinton, Virginia:
Adopts Manager Plan 99
Virginia:
Bureau of Public Administration, University of Virginia 303
County Planning Legislation 374
County School Board v. Board of Supervisors 742
Functional Consolidation in the Counties 601
Legislative Councils for Virginia and Kentucky 425
Spotlight on the County Manager Plan 561
Voluntary Associations in the Public Administrative Field 424
Waco, Texas:
Retains Manager Plan 31
Washington:
County Consolidation Proposed 240
County Unit for Road Administration 673
Surveys Launched in Eight Southwestern Counties 624
West and East Share Honors for Governmental Research 293
Westchester County, New York:
Charter Commission 112
Manager Plan Developments 99
New County Charter Proposals 102
Reorganization of County Again Defeated 374
West Virginia:
Adopts a Home Rule Amendment 739
State League Opens Campaign Information Bureau 619
Wheeling, West Virginia:
First Year 628
New Adherents to the Manager Plan .. 72
Who Are These City Managers? 54
Wichita, Kansas:
Council-Manager Plan Developments 539
Wilmington, Delaware:
Council-Manager Plan Developments 236
Wilson County, North Carolina:
Rural Electrification 623
Windsor, Vermont:
Black Sheep: The Story of the Abandonments of the Manager Plan 85
Wisconsin:
Administration of the Unemployment Reserves and Compensation Act .. 170
Old-Age Pension System Altered to Conform with Federal Law 33
Power District Movement 240, 671
Rural Zoning 609
Set-Back for Home Rule 622
Taxpayers Alliance 381
Women's Groups Demand Merit System 371
Worcester, Massachusetts:
Taxpayers Association 382

Yeadon, Pennsylvania:
Reported to Have Adopted Manager Plan 290

Yonkers, New York:
Defeats Manager Proposal 737
Manager Plan Developments 619

Zoning:
Design for Country Living 604
Enabling Acts for Planning and Zoning 424
National Housing Act Stimulates Zoning and Planning 101
Progress in Rural Zoning 101
Relocating the Isolated Settler 20
Rural Zoning in Wisconsin 609
Tennessee—County and Regional Planning and Zoning Begins 241

Publications of

NATIONAL MUNICIPAL LEAGUE

CAMPAIGN PAMPHLETS

15 cents each — $10.00 per hundred — $70.00 per thousand

City Manager Plan, Story of the
City Manager Plan at Work
County Manager Plan
Short Ballot
Council-manager Cities During the Depression (25 cents)
The Best Practice under the City Manager Plan
Answers to Your Questions About the Manager Plan ($3.00 per hundred)

Reference Pamphlets 25 cents each, $15.00 per hundred

Administrative Consolidation in State Governments (50 cents)
Approaches to the Measurement and Reward of Effective Work of Individual Government Employees (75 cents)
Assessment of Real Estate
Building Lines Under Eminent Domain, Theory and Practice in
Citizen Organization for Political Activity, Cincinnati Plan of (35 cents)
Citizens Council Plan—Making Democracy Work (10 cents)
City Manager, Suggested Procedure for Selecting a (15 cents)
City Plan, Law of the
City Revenue, Minor Highway Privileges as a Source of
County Government, Constitutional Barriers to Improvement in
Election Administration in Michigan
Employment Management in the Municipal Civil Service
Federal Aid to the States (35 cents)
Housing Law and Its Administration, Elements of a Low-Cost (35 cents)
Housing Management—Its History and Relation to Present Day Housing Problems
Liquor Control—Principles and Model Law (50 cents)
Liquor Taxes and the Bootlegger (35 cents)
Model Bond Law
Model Budget Law
Model City Charter (Revised edition $1.00)
Model County Government, Principles of a (35 cents)
Model County Manager Law
Model Election Administration System (50 cents)
Model Real Property Tax Collection Law (35 cents)
Model Registration System (50 cents)
Model State Constitution (50 cents)
Municipal Control of Retail Trade in the United States (75 cents)
New York City Board of Estimate and Apportionment
Play and Recreation Administration, Standards of (35 cents)
Proportional Representation in the United States and Canada
Public Employment in the United States, Extent, Costs and Significance of
Public Personnel Problems and the Depression
Public Utility Problems (50 cents)
Retrenching in State and Local Expenditures (10 cents)
Special Assessments for Public Improvements
State Parks (*illustrated*)
Township Government, Recommendations on
Zoning (35 cents)

BOOKS

City Management—The Cincinnati Experiment	*Charles P. Taft*	$2.50
City Manager Charters, Loose-Leaf Digest of	*Robert T. Crane*	5.00
City Manager, The	*Leonard D. White*	3.00
Election Administration in the United States	*Joseph P. Harris*	3.00
Excess Condemnation	*Robert Eugene Cushman*	3.00
Government of Metropolitan Areas	*Paul Studenski*	3.50
Governmental Purchasing	*Russell Forbes*	5.00
Local Government in the United States	*Murray Seasongood*	1.50
Proportional Representation	*Hoag and Hallett*	5.00
Public Budgeting	*A. E. Buck*	4.00
Registration of Voters in the United States	*Joseph P. Harris*	3.00
Short Ballot Principles	*Richard S. Childs*	1.50

YOU AND YOUR GOVERNMENT BROADCASTS

Series 5.	Constructive Economy in Government	(14 of original 15 programs)	$1.40
" 6.	The Crisis in Municipal Finance	(11 of original 19 programs)	$1.00
" 7.	Reviving Local Government	(19 programs)	$1.50
" 8.	A New Deal in Local Government	(14 programs)	$1.00
" 9.	Trends in Government	(18 programs)	$2.00
" 10.	The 44 State Legislatures of 1935	(19 programs)	$2.00
" 11.	Taxation for Prosperity	(15 programs)	$2.00

NATIONAL MUNICIPAL REVIEW

JANUARY • 1936

Care of the Unemployables

GEORGE A. SHIPMAN

Cities and Their Debt Burdens

FREDERICK L. BIRD

Relocating the Isolated Settler

W. A. ROWLANDS

To Sweeten Our Tax Tea

HAROLD S. BUTTENHEIM

Appraisal of Municipal Reports

CLARENCE E. RIDLEY

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.

VOLUME XXV, NO. 1 TOTAL NUMBER 235

THE NATIONAL MUNICIPAL REVIEW covers the field of government by [illegible]. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the Review by paying five dollars a year in advance; [illegible] $5.25 in advance; foreign $5.50. Single [illegible]. [illegible] should be made payable to the National [illegible] East 34 Street, New York, N. Y.

Editor
[illegible]

Assistant Editor
ELSIE S. PARKER

Editorial Council
[illegible], Chairman
[illegible]
A. E. BUCK
RICHARD S. CHILDS

Contributing Editors
[illegible], Public Utilities
[illegible]
[illegible], JR., Proportional Representation
[illegible] M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE

[illegible], *President*
[illegible], *Treasurer*
[illegible], *Secretary*
[illegible], Jr., *Associate Secretary*
[illegible], *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Belle Sherwin, Washington, D. C., *First Vice President*
C. A. Dykstra, Cincinnati, *Second Vice President*

Honorary Vice Presidents
[illegible]
[illegible] A. Beard, New Milford, Conn.
[illegible]
[illegible], New York
[illegible]
[illegible], Washington, D. C.
[illegible], Washington, D. C.
[illegible], Philadelphia
[illegible], New York
[illegible], Washington, D. C.
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
C. E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thos. H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

Council
[illegible], New York, Chairman
[illegible]
[illegible], Chicago
[illegible], New York
[illegible], New York
[illegible], Cleveland
[illegible], Providence, R. I.
[illegible], Washington, D. C.
[illegible]
[illegible]
[illegible]
[illegible], New York
[illegible], Princeton, N. J.
[illegible]
[illegible]
William P. Lovett, Detroit
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
C. O. Sherrill, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

[illegible] 150 Fremont Street, Worcester, Mass.
[illegible] 309 East 34 Street, New York, N. Y.
[illegible] Matter July 11, [illegible], at the Post Office
at [illegible], Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 1
TOTAL NO. 235

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR JANUARY

The League's Business .... *Howard P. Jones* 2

Editorial Comment .... *H. P. J.* 4

Planning the Care of Unemployables .... *George A. Shipman* 7

Cities and Their Debt Burdens .... *Frederick L. Bird* 12

Relocating the Isolated Settler .... *W. A. Rowlands* 20

To Sweeten Our Tax Tea .... *Harold S. Buttenheim* 23

Annual Appraisal of Municipal Reports ...... *Clarence E. Ridley* 26

News of the Month 30

The contents of the National Municipal Review are indexed in the *Engineering Index Service,* the *Index to Legal Periodicals,* the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, JANUARY, 1936

THE LEAGUE'S BUSINESS

The Constitution a Subject of Radio Broadcasts.—In view of the widespread interest in and controversy over the federal constitution, the Committee on Civic Education by Radio (representing the American Political Science Association and the National Advisory Council on Radio in Education), together with the American Academy of Political and Social Science, will sponsor the thirteenth series of YOU AND YOUR GOVERNMENT broadcasts on "The Constitution in the 20th Century." The National Municipal League will not act, as it has done for some time past, as co-sponsor of this series. The programs will be presented over a nation-wide network of the National Broadcasting Company every Tuesday evening for nineteen weeks, from February 4 through June 9, 1936, from 7:45 to 8:00 eastern standard time (beginning April 28, eastern daylight saving time).

Each radio program will be a condensed version of an article which will be published in the May issue of *The Annals* of the American Academy. Preprints of each complete article will be available, however, immediately following its corresponding radio program, at small cost. Special rates will be made for the purchase of the preprints or the bound volumes in quantity for use in schools, colleges, civic organizations, etc.

The February programs are as follows:

February 4—"The Constitution as a Stabilizing Factor in American Life." David P. Barrows, Professor of Political Science, and former President, University of California.

February 11—"Curbing the Court." Edward S. Corwin, Professor of Jurisprudence, Princeton University; former President, American Political Science Association.

February 18—"Property Rights as Obstacles to Progress." Francis W. Coker, Professor of Political Science, Yale University; past President, American Political Science Association.

February 25—"The Constitution as the Guardian of Property Rights." William J. Donovan, former Assistant Attorney General of the U. S.

A folder containing a schedule of the entire series may be secured by application to the National Advisory Council on Radio in Education, 60 East 42 Street, New York City.

The present series of YOU AND YOU GOVERNMENT broadcasts, devoted to "Planning," will continue until the end of January. Following are the last three programs:

January 14—"Public Recreation." Robert Moses, Commissioner of Parks, New York City; President, Long Island State Park Commission; Chairman, New York State Council of Parks.

January 21—"Possibilities in Tax Title Lands." Frank Moore, Counsel, Association of Towns of the State of New York.

January 28—"From Acres to Lots." Gordon Whitnall, Member California State Planning Board.

* * *

New Baldwin Prize Essay Contest.—The League has recently made announcement of the subjects for the 1936 Baldwin Prize Essay contest as follows:

1. The Problem of Tax Delinquency in (any given state)
2. The Effect of Tax Limitation Laws upon Local Government in (any given state, city, or county)
3. The Reorganization of County Government in (any given state)
4. Optional vs. Mandatory Legislation as a Means of Improving Local Government
5. The Problem of Overlapping Governments in (any given state or metropolitan area)
6. The Operation of the City Manager Plan in Small Cities
7. The Operation of the Manager Plan in (any given city or county)
8. The Operation of Centralized Purchasing in (any given city, county or state government)
9. The Appointment of City Managers for a Definite Term (Most managers serve at the pleasure of the city council—would a definite term be more desirable?)

10. The Effect of the Depression on Local Government in (a particular area)
11. Non-partisan Elections in American Local Government
12. Precedents for Single-House Legislatures (as recently adopted in Nebraska)
13. Present Status of the Town Meeting as an American Institution
14. The Record of the City Manager Plan During the Depression
15. The Effect of the Short Ballot Movement Upon the Operation of Democracy in America
16. The Problem of Unemployment Relief in (any given state, city or county).

Essays should reach the League's office, 309 East 34 Street, New York City, not later than May 15, 1936, and should be marked "For the Baldwin Prize." Full particulars may be secured on application to the League. .

* * *

Convention Echoes.—Numerous letters have been received from speakers and participants at the League's forty-first annual convention in Providence, expressing their enthusiasm and enjoyment of the meetings. Here are a few of their comments:

Morris B. Lambrie, Committee on Training for the Public Service, Department of Government, Harvard University: "This was the best meeting of the National Municipal League in all my experience. There was a very fine note of progress prevailing throughout all the proceedings and there was hope and encouragement."

F. C. Walcott, Commissioner of Welfare, State of Connecticut: "It was a great pleasure to meet you and to take part in the conference. It seemed to be well worth while and I brought away from the conference much valuable information."

Norman MacDonald, Executive Director, Massachusetts Federation of Taxpayers Associations, Inc.: "I don't think that I have ever attended a meeting concerning itself with government that was as profitable as yours."

George A. Shipman, School of Public and International Affairs, Princeton University: "Please accept my most cordial congratulations upon the Providence meeting. I have heard a great number of fine comments on the importance of the topics and the great value of the discussion."

Alfred G. Buehler, Department of Economics, University of Vermont: "You are to be congratulated for arranging such a well attended and enthusiastic conference on governmental problems."

Henry F. Long, Commissioner of Corporations and Taxation, State of Massachusetts: "It was a very great pleasure to be with the National Municipal League at Providence."

Arthur S. Flemming, Director, School of Public Affairs, The American University, Washington, D. C., "I thoroughly enjoyed meeting with your group in Providence, and I was particularly interested in the discussions which took place in the Civic Education Sections."

Arthur W. Bromage, Department of Political Science, University of Michigan: "I enjoyed the Conference very much."

C. R. Erdman, Jr., Mayor of Princeton, N. J.: "I wish to congratulate you on the success of the conference in Providence. Everyone with whom I talked was most enthusiastic."

Howard P. Jones, *Secretary*

Editorial
Comment
✤
January

NATIONAL
MUNICIPAL REVIEW

Vol. XXV, No. 1 Total No. 235

British Perspective on Local Government

One of the most significant pieces of work in the field of municipal government in many years is the book, "A Century of Municipal Progress," published recently under the auspices of the National Association of Local Government Officers of England. Reviewed briefly in the December issue of the National Municipal Review, the volume deserves any further comment possible that may lead to wider reading and recognition in this country. But, aside from that, its issuance has broader implications that should not be overlooked.

In the first instance, it is a challenging enough fact that in England there exists a National Association of Local Government Officers with a membership of eighty thousand, startling testimony to the self-consciousness of this group. Second, that such an association has initiated and sponsored the production of a study of this character with its remarkable and scholarly sweep of one hundred years of municipal development plus a final look forward with the vision created by that perspective, is indicative, not only of the calibre of leadership existing in that association but of the professional attitude on the part of the members of this group toward their work, clearly an attitude that transcends municipal boundaries to view the function in its relation to the whole.

Skepticism and cynicism invariably greet the suggestion that it is possible in the United States to professionalize the public service along similar lines. True, there are hurdles still to be leaped here, not the least of which is the need for assurance of a career in the public service to eager young men and women who now find only a bewildering maze of politics which they cannot penetrate without "playing the game." But a start has been made and a better start than is generally realized.

Perhaps the symbol of the march towards assured careers in the local government service in America is the city manager. In him, a new profession has had its birth. No local boundaries define the limits of his progress. And there have been in the last two decades a sufficient number of examples of city manager careers to warrant the conviction that here is something in the nature of a foundation upon which to build. The International City Managers Association and the other important organizations of public officials now located in Chicago also represent a dynamic influence in the direction already taken by British local officials. Not to be overlooked, too, is the splendid job of the President's Commission on Better Government Personnel, and the growing consciousness of the problem as evidenced by experimentation in new personnel methods on various levels of government: the leadership supplied by Civil Service Commissioner Leonard D. White of the federal government, the work of Charles P. Messick of New Jersey and civil service commissions of other states, the way in which the present civil service commission in New York City has bitten into its vast problem—these and many other signs point encouragingly to emerging developments in the line of progress to be anticipated.

Much remains to be done. We have only a start and a long way to go but there is no alternative. The problems of the future will require for solution the best that able men have to give. To refer again to the volume that precipitated this discussion, those whose conception of municipal government is a narrow one would do well to read particularly the final chapter, "The Outlook," written by William A. Robson, well known in America for his distinguished writing on the subject of English local government.

Recognizing that the immediate need in England as in America is the reorganization of the structure and areas of local government to permit the more efficient rendering of present functions, Dr. Robson essays also to provide a glimpse of the developing functions of local government.

"A vast expansion in scale and scope is to be expected all along the line, particularly in public health, education and housing," he predicts and as an illustration submits that "a universal municipal hospital service, provided without charge to every citizen, will seem a century hence as commonplace a phenomenon as the police forces do to us today."

The past century, he emphasizes, has been a century of material development in the field of municipal government. In the future, he foresees "two great new streams of activity," one relating to the cultural aspects of civic life and the other to the direction of industrial enterprise by local government.

Whether we like it or not, the realm of governmental activity is constantly expanding. Dr. Robson has pictured what appears to be the inevitable in England. The record of our own municipal government is little different. If these be the local government problems of the future, it should be obvious that men and women of capacity and vision will be required in the service of local government if adequate solutions are to be found and economically administered. The more rapidly we make it possible for able men and women to enter the local governmental service with the prospect of a life of achievement, the more rapidly we build up the professional character of the public service, the sooner can we provide the organizational machinery necessary to tackle the big jobs ahead.

Reform in a Rush

PROGRESS in the improvement of local government may be made slowly sometimes but once an idea has achieved fairly general acceptance, it is astonishing with what rapidity change comes.

New York state has been furnishing an interesting example recently. Reorganization of county government has been widely advocated by leaders in the state for more than twenty years. Bills to permit its improvement have been born to nearly every legislative session within that time only to die for lack of nourishment. Hopes of reformers were dashed year after year.

Of a sudden reform comes with the

speed of wind. The county home rule amendment, ridding the constitution of impassable barriers to fundamental reorganization, unthinkable of passage only three years ago, quickly and almost unanimously rushes through both houses of two successive legislatures, and then is approved by the people of the state by an overwhelming majority.

At the same election, Monroe county, home of Rochester with its city manager plan, votes to adopt the county manager form. Meanwhile, come Nassau county and Westchester county, two of the wealthiest and most populous counties in the state, demanding centralization of responsibility in an executive. And the New York State Commission on Revision of the Tax Laws, charged with the responsibility for drafting new forms of county government, brings forward no forms which do not recognize the necessity for simplication of government and the centralization of responsibility as well as two forms which embody the county manager plan substantially as advocated by the National Municipal League.

The Commission, long a lone voice crying in the wilderness of politics, finds itself the center of attention. Others in the senate and assembly take up the program for its suddenly acquired political capital. No doubt as to the passage of the program: doubt only as to who shall get the credit! So spring bursts forth suddenly after a tedious winter.

Planning the Care of Unemployables

The care of unemployables needs orderly financing and permanent administrative mechanics

GEORGE A. SHIPMAN

Princeton Local Government Survey

THE initiation of federal relief for the unemployed and destitute, first under the Reconstruction Finance Corporation, and later more adequately under the Federal Emergency Relief Administration, sounded the death-knell of local poor relief in the traditional sense. The demise of this old order leaves few regrets, for, however robust in its time, it had become senile and decrepit, clinging persistently to an increasingly useless existence. Its origins reach back to the reign of Queen Elizabeth, and during the intervening three hundred years it learned little of the changing needs of an ever growing society.

"POOR RELIEF" OUTMODED

In at least three important respects traditional poor relief failed to cope with dependency in the industrial society:

First, it established the relief of indigence as a purely local responsibility, visiting upon the community the entire burden of the care of its own. However reasonable this arrangement may have been at its initiation, it became hopelessly inapplicable to conditions of industrial unemployment, and loss of employment opportunities that bore no relation to the thrift of the worker, or the capacity of his community to aid him.

Second, as a result of leaving the relief of poverty to the smallest unit that could lay its own levy, professionalized services were slow to develop. In personnel and attitudes welfare work remained the concern of the amateur administrator, and too often the professional politician. Care was only an incidental interest, trained personnel was never considered, and rehabilitation was unthought of.

Third, the analysis of factors causing dependency and attempts at corrective and curative treatment were far removed from general understanding. Purely local responsibilities atomized official activity, fostered submarginal administration, and choked-off the growth of modernized services. Pervading these conditions, moreover, was the attitude that the dependent were largely at fault for their condition. Public aid was a badge of the indolent, thriftless undesirable, a cast-off from the sturdy ranks of the economically self-sufficient. The great variety of disqualifications visited upon paupers is ample legal annotation of this viewpoint.

More enterprising and more understanding treatment of dependency was left to private charity until the second decade of the present century. Then new forms of specialized treatment began to develop, inspired by a better understanding of the causes of indigence and guided by professionally qualified supervision. Most important of these were the care of dependent children through grants to widowed mothers, "pensions" for needy aged persons and vocational rehabilitation for persons displaced from employment by injury. But all of these services suffered from a lack of adequate financial support, and particularly the first two which, in spite of the change in attitude and method, still had to depend for the most part upon local property levies. The need was for a method of fiscal support that would tap economic capacity where it existed. In brief, state financing, state administration supervision, and the independence of local welfare functions from the supervision of local fiscal bodies were prerequisites for the development of more adequate services.

LOCAL RESULTS OF FEDERAL RELIEF

The financial plight of state and local governments, together with a realization that the dependency aggravated by the depression resulted from forces that ignored state boundaries and local residence requirements, were primary forces in bringing federal financing to the care of indigents. Particularly in rural areas the lever of federal funds raised new and broader services, manned by a different type of personnel, and profiting, to some extent at least, from federal standards of service. Many of the defects of the emergency activity may be ascribed to the hasty methods of beginning and staffing the new services. In many communities, moreover, there was little or no foundation to build upon, and in some, local attitudes quietly refused to accept the new activity as proper or desirable.

But with the work of the relief administrations there came a definite break with the past—one so abrupt and so complete that in future adjustments there can be no turning back to forgotten methods and disused agencies. There has been created a new activity, until now housed in a perilously makeshift structure, that must be carried on because it serves a basic, unescapable human need. The immediate concern is for *permanent* provision.

FEDERAL AID FOR UNEMPLOYABLES

The next step after emergency relief contemplates the separate treatment of employable persons and unemployable persons. For employables it seeks to provide employment upon public works until private activity absorbs the labor supply. For unemployables it looks toward permanent provisions assuring adequate care. This latter phase of the program rests largely upon certain of the provisions of the social security act which seek to guide and assist the states to create regularized care for three major classes of unemployables—the indigent aged, the indigent blind, and dependent children. These services are subsidized, under the provisions of the act, by grants-in-aid to those states providing agencies and legislation that conform to standards set forth in the act. More or less related services also are accorded federal aid under the same act. These are for crippled children, child welfare, maternal and child health, and public health.

But these services will not reach all types of unemployables, for in addition to the "classes" there will be persons incapacitated by illness, accident, or mental deficiency who are as genuinely unemployable as the aged or blind. In any balanced plan this "unclassified group" must be provided for, but at present no federal aid is available to ease the state's burden of their care.

In the exclusion of this group from federal aid there lurks a grave danger. The services which are directly aided by federal grants will develop under better state supervision and more adequate financing. With maturing administrative efficiency, moreover, steadily increased pressure will be exerted for more and more state funds to expand them. Meanwhile the care of the unclassified groups may tend to suffer because of the lack of equal stimulation from federal sources and the prominent emphasis being placed upon the "classified" activities. Thus, inadvertently, the unclassified group may become the step-child in the new welfare organization, and will have to be content with whatever comfort it can find among the remnants of state and local revenues and in incidental administrative interests. Unless the states keep constantly in mind that a program for unemployables is only half complete when the requirements for federal aid under the social security bill are met, they may be robbing Peter to pay Paul with little net gain in human security.

PERMANENT PROVISION NEEDED

An orderly plan for the care of unemployables must squarely face the issue that provision is to be made for a permanent activity. Convenient short cuts that will do for temporary and emergency undertakings are out of the question. This principle applies particularly to two important phases of the new program, finance and administration.

Emergency relief has been financed in the main by borrowing, by imposing temporary additional taxation, or by diverting normal revenues. In a number of instances a combination of methods was used, but the first two consistently predominate. In some states all funds have been supplied by local units, in others state and local agencies have managed a joint support, while in some all funds have come from the state. As a generalization, however, it is clear that funds have been supplied by special and temporary devices—selling bonds or imposing special taxes, methods that are out of the question for the purpose of permanent support.

The problem now is to find support for welfare services within the permanent revenues of the state and local governments. In general this will probably mean increased state indirect taxation, a clutter of luxury and nuisance levies with some temporary sales taxes enjoying an unexpected permanence. These may be easier to impose than increased property levies, for property interests are already fighting for a reduction of present burdens to say nothing of increased ones. Each state, moreover, has its own special fiscal problem and each will absorb its obligations in the manner, and to the extent, that it believes to be least burdensome.

Along with the end of emergency financing there must come a recognition that purely local revenues are hopelessly inadequate and that, consequently, the state itself must assume a substantial fiscal burden if services are to be adequately rendered. This is due to the apparent fact that local needs and local fiscal capacities have nothing to do with each other, and quite apart from the federal requirement that the state must participate in financing the services, state funds will be indispensable for equalizing the abilities of poor and rich communities.

This observation suggests a further consideration—the integration of state and local fiscal support must be carefully and intelligently planned to provide an orderly use of funds in the most effective fashion. This need will demand new and enterprising efforts at varying the conventional grant-in-aid, which ordinarily only cumulates fiscal capacities, and developing "formulas" that will supply state grants in inverse, rather than in direct, ratio to the ability to provide funds locally. This is a problem that should stimulate the enthusiasm of every genuine political *scientist*.

On the administrative side the warning must be sounded that here also temporary arrangements must give way to more orderly and more permanent provisions. These services call for carefully regulated local discretion, qualified local workers intelligently supervised by the state agency, and a system of overhead mechanics that can operate with accuracy and dispatch, not just for a sudden emergency, but rather in a daily routine of infinite detail. There will be local service units seeking out and investigating potential cases, a task that calls for a professional attitude and at least a modicum of technical understanding. There will be, probably, local boards receiving the reports of case workers and determining whether each case qualifies for the grant recommended. This function needs intelligent local boards equipped with clear-cut definitions of their discretion, and guided in their work by sympathetic state counsel. In the state agency there should be a routine check and review of local action, audits of local commitments and expenditures, disbursement of state funds, and, in accordance with a formula of distribution, the allocation of state grants among the subdivisions of the state. For these duties the state agency will need clear-headed direction, competent personnel and modern business equipment.

A DIFFICULT TASK

All of this is a large order for legislators to fill and for administrators to digest. Nevertheless it is a harsh reality. Here again each state has its own special problems—ones that the pleasant delusion of "model bills" and "model organizations" cannot solve in any realistic way. With them, moreover, is the disconcerting fact that the immediate background of action in this field is not conducive to firm and deliberate building. The emergency viewpoint has so far pervaded every step. "Emergency revenues" were raised for "emergency relief." "Temporary" and "emergency" administrations were created. Agencies were staffed with "temporary" workers, and often even working equipment was borrowed or rented. Every emphasis, and properly so, was placed upon the immediate need for producing direct results and, consequently, the orderly construction of a well balanced administrative machine was side-tracked or entirely forgotten in the pressure of the moment.

The time has come, however, for a deliberate clear-headed appraisal of administrative mechanics and the sober reconstruction of activity to serve the needs of admittedly permanent services. This will be a difficult task in the midst of a public clamor for aid, but genuinely effective services, in the long run, demand a conservative beginning. The transfer from direct relief to classified care should not be made with a sudden, dramatic stroke but should come slowly and deliberately as each operating unit is ready to assume its new responsibilities. High pressure action wears dangerous play in the working parts of a new administrative machine, and if continued will reduce a well engineered plan to a clutter of useless junk. A breaking-in period is good common sense.

GUIDES FOR ACTION

In developing administrative mechanics for the new services there are some considerations that deserve an emphasis far beyond the scope of this brief discussion. To indicate the general method of desirable treatment, however, a few words will be devoted to each. There is the need, that should be clearly understood by now, for precise legislative definition of administrative discretion, and equally clear-cut administrative statements of the powers and responsibilities of subordinate agencies. To avoid the demoralization that comes from hazy understanding of assignments, each local board and officer exercising a limited discretion needs to be armed with the most explicit instructions and guided by consistent supervision. A working manual of administrative orders, rulings and instructions, kept constantly up-to-date, is invaluable to the quasi-amateur participant. Infinite care in mapping-out and clearly defining spheres of activity, methods of procedure, and limits of authority is sensible insurance against official confusion, overlapping effort, and even arbitrary treatment.

The actual mechanics of administration, moreover, should be planned with painstaking effort to the end that every necessary step will be absorbed into standardized routine. Uniform records and procedures could be devised to fit the needs of local units as well as of the state agency. In this way genuine time and effort economies can be realized in the routine of classification, referencing, filing, and searching. Ingenious shortcuts through the use of modern office machinery will minimize the possibilities of human errors, will speed up office activity, and will furnish invaluable statistical by-products. The efficiency value of adequate equipment is familiar to private business. In public activity, however, the importance to direct services of efficient overhead mechanics is too often underestimated.

PERSONNEL

The need for competent personnel is reiterated whenever welfare services are discussed. Resourceful planning and direction, able supervision, efficient office activity, and effective field work demand a type of worker who has not only an appreciation of his task but also a genuine capacity to perform it well. These considerations imply, at once, the desirability of a completely developed "merit system," with non-political recruitment, merit promotions, and security of tenure. Wherever a state "civil service" now exists the system should embrace the new activities, but at the same time it must be remembered that in some states there is neither a "merit system" in the accepted sense, nor a general belief that one is necessary or worth while. In the face of this attitude recruitment must be as selective as circumstances permit, holding out the hopes that experience will develop professional attitudes and that careful education will soon produce a popular understanding of staff needs. Meanwhile, however, and this applies equally to the merit systems, the possibilities of in-service training should not be overlooked. Some of the most effective efforts at raising personnel standards in recent years have been intradepartmental programs of training, undertaken often without statutory authority. In this way enterprising administrators, with the assistance that federal agencies should be equipped to provide, can add much to the potential effectiveness of their organizations.

In the development of new organizations, furthermore, the practical value of research and statistical services should not be slighted. The gathering of statistical data should be a regular by-product of routine operations. Thus the trend of case loads, the swing of seasonal variations, the characteristics of cases qualified, the changes in amounts of grants, and the county distribution of cases, to indicate only a few, can be followed, and analyzed. From these studies future experience can be estimated, accurate budgets prepared, and distribution "formulas" perfected. This, indeed, is the activity that can warn the administrator of tasks to come, and can point out methods for attacking them.

CONCLUSION

These suggestions make no pretense at exhaustive enumeration of all the problems confronting the planning and initiation of the care of unemployables. Of them there is an infinite variety that reflects the peculiar circumstances confronting each separate plan. In some

(Continued on Page 22)

Cities and Their Debt Burdens

Balancing of budgets, determination of borrowing margin, careful attention to planning of debt structure, and wise spending necessary to place communities on a sound financial basis

FREDERICK L. BIRD *Director of Municipal Research, Dun & Bradstreet, Inc.*

OUR STATES and municipalities appear to be growing increasingly adept in the art of installment buying, encouraged by the convenience of no down payments and the balance on easy terms over a generation or more if desired. Their outstanding debts, at any rate, have more than doubled in each decade of the present century and now stand at about eighteen billion dollars.

This multiplication of debt has been largely a part of the very desirable process of modernizing governmental facilities and keeping them abreast of civilized demands and requirements. But in the process, state and local debt increased more than nine times while wealth, at its peak, increased less than four times. Thus we have had two gradually converging curves, and the recent downward jog in the wealth curve has most accommodatingly expedited the trend. Here is a development which cannot be permitted to continue indefinitely. At some point the wealth and debt curves should begin to parallel each other, or even draw apart, and there is good reason to believe that we have already arrived at that point—or perhaps even passed it. Such sentiments are not directed against the buying of necessary public improvements and services, it should be emphasized, but at improvident methods of paying for them.

The ability of state and local governments to carry the present debt load is being rather successfully demonstrated, some three thousand defaults to the contrary notwithstanding; and in all probability they could stand a material, further increase without wholesale insolvency. There is rather concerted agreement, however, that the present burden is quite high enough for comfort and safety. Any general movement to higher levels would be gambling with an uncertain future, and conservatism and good management demand a downward trend to a more safely intrenched position.

There is no precise method of determining how much debt a municipality can carry and eventually repay. As the most basic and permanent form of public service enterprise in our economic and social system, our various units of government possess resources which are unique in their stability and continuity, but there is ample evidence that no large proportion of any municipality's resources can be hypothecated to the payment of debt obligations without weakening it financially, undermining its operating efficiency, and narrowing its prospects for advancement.

A few communities have already taken a balloon trip into the debt stratosphere —and are still there with no place to land. They face the disconcerting alternatives, over the next generation, of dodging creditors, or of tightening their belts, subsisting on a minimum of governmental services, and levying such taxes as to immunize them from further growth. With their top-heavy debt loads of $600, $800, $1000 and more per capita they stand as object lessons of what can happen under our present borrowing and lending system.

Waiving this distinguished group as unrepresentative, however, suppose we consider the totality of the country's larger cities. Among the 190 borrowing cities of over 50,000 population may be found abundant illustration of the best and the worst in debt-incurring policy. The median local tax-supported public debt of these cities—including city, school district, and proportionate share of county and special district debt—is $107 per capita. Nineteen of them, however, have debts of less than $50 per capita, while, at the other extreme, nineteen have debts of over $200 per capita. The range is from Springfield, Illinois, with $23, to Asheville, North Carolina, with over $800.

Not one of the nineteen in the fortunate low range, needless to say, has had any fundamental difficulty in meeting debt requirements, although two of them were forced to refund maturing bonds because of the operation of arbitrary tax rate limits. And most of them, strangely enough, are comfortably equipped with modern city requirements.

The other nineteen present a somewhat different picture. Eight of them have been in default and four of these continue in this predicament. Five others have been forced to engage in extensive refinancing operations, with the coöperation of banks, security holders and outside advisers, to avoid default. Three have been meeting their maturing obligations partially by the issuance of refunding bonds, and the remaining three felt the pinch of payless paydays and deferred commercial bills in order to meet their debt requirements on time.

It is probable that not more than one or two of these cities will be unable eventually to meet their obligations in full, but many in the above-average debt group are confronted not only with high fixed charges for years to come but with inadequate economic borrowing power to meet their necessary capital requirements and to provide for emergencies that are bound to arise.

NO DECREASE IN DEBT

There has been, in recent precarious years, no general decrease in the state and local debt level. In fact, it is still moving upward, though at a decelerated rate, despite the encouraging deflation progress being made by a not inconsiderable number of governmental units. In terms of capacity to pay, the debt burden has taken on weight in no uncertain fashion. On the one hand, taxable wealth has declined. Though this has not been reflected fully in assessed valuations, they have fallen an average of 18 per cent in cities of over 50,000 population and, in extreme cases, 50, 60, and even 70 per cent and more. On the other hand, the total public debt has shot skyward through the elevation of the federal government debt to the thirty billion dollar level. With the national government thus faced with the requirement of exercising much more extensively its vast powers of taxation, it stands to reason that states and municipalities will have less to draw upon for meeting their own requirements.

The wide diversity in the debt loads of cities with reasonably comparable physical equipment affords some proof that present high debts were unnecessary. Future control demands an awareness of the avoidable causes of excessive indebtedness. Study of the borrowing habits of close to a thousand states and municipalities discloses many of their major weaknesses, not all universally characteristic but combining to present a composite record.

Perfunctory and ineffective borrowing limitations encumber the statute books in most of the states. They frequently permit exemptions, such as assessment debt, which reduce them to absurdity; they often ignore the existence of overlapping borrowing areas or stimulate the creation of new borrowing units as a means of evasion; they tend to encourage borrowing when prices are high and when the public can best afford to pay cash for its requirements, and to handicap borrowing when costs are low and when credit is sorely needed for emergency purposes; and they concentrate attention on the artificial limits of legal borrowing capacity and thus distract consideration from economic borrowing capacity. At least one municipality advertises its legal borrowing margin as its "margin of solvency."

OVERLAPPING UNITS

The old "didn't know it was loaded" story is a second cause of trouble. Because of the multiplicity of overlapping local governments, each with independent borrowing power, the citizens of the average community have no intelligent conception of the weight of their local public debt. The dismay of the inquisitive taxpayer who found his $200 per capita village debt inflated to a $1000 community debt when town, school district, and county were taken into account could be duplicated in thousands of municipalities throughout the great majority of the states. Instead of one responsible local control of the community charge account, a whole spendthrift family of local governments has ready access to it.

The diversion of public credit to private speculative purposes is by no means a novel stimulus to excessive public borrowing. After the wholesale municipal defaults of the 1870's, brought on in part by municipal loans for encouraging railroad construction, there was a general movement to ban such distortion of public borrowing power. In the 1920's, however, municipal credit became the bolstering ally of high-pressure real estate promotion. Municipal bonds carried the load for many a shoestring subdivider; realtors ran many local governments, in fact, sometimes were local governments. Today the municipal financial casualties of this open season on municipal credit are strewn in the majority of metropolitan suburban areas from coast to coast.

Special assessment bonds, needless to say, afforded the readiest medium for such adventures in blue-sky public finance. They were more readily accessible, either through exemption from borrowing limits or because of very perfunctory provisions for official and public approval; and there was often an inadequacy of responsible public control of the extensiveness or the pretentiousness of the improvements involved, or the degree to which they overlapped one another. Professional "petition pushers", employed by realty, material, and equipment interests, not infrequently were the real instigators of such debt accumulation. As an illuminating example may be cited a small Ohio suburban city with a debt of four million dollars—$800 per capita—just $5,000 of which is of other than special assessment origin. Its resources for support are five vacant lots for every residence.

Extravagance in the acquisition of public improvements has not been prompted exclusively by civic desire for life's better things. Behind the scenes have been the collusive bid fixers, the contractors and supply people with political affiliates, the land deal engineers and the tin-box boys, all bent on adding their touch of luxury to the normal costs of materials and labor.

Faulty fiscal administration has played a not insignificant part in the unnecessary elevation of the debt level. Chronically unbalanced budgets have forced wholesale funding of accumulated deficits; long-term borrowing for current expenses, for minor improvements and for rapidly depreciating equipment has made its improvident contribution; and defective debt structures and neglected sinking funds have perpetuated refunding bonds long after the existence of the improvements originally borrowed for. It is the exceptional municipality, moreover, which has done any long-term financial planning, even of the most rudimentary type. A sizeable minority of our municipalities do not even have readily available a computation of maturities of their existing debt.

INCREASING THE DEBT LOAD

Too easy credit, finally, has often encouraged unbalanced budgets by injudicious short-term loans, and has countenanced the piling up of long-term debt loads beyond resources to pay. Municipal lending and investment practices, in other words, have in times past been quite as haphazard and as contributory to the accumulation of unnecessary and excessive debt as have the borrowing practices of the municipalities themselves.

In view of these, and other, past encouragements to excessive borrowing, what are the prospects for holding municipal debt at its present level or of effecting a reduction? The answer is, I think, that the prospects at present are poor. Circumstances combine, unfortunately, to make more borrowing the easier course to follow.

The financing of unemployment relief promises to be a major problem for some years. What share the federal government will continue to carry it is impossible to predict; but it seems clear that the present responsibilities of state and local governments will not be lightened and that pressure for balancing the federal budget will carry with it the urge to withdraw some degree of federal support. Borrowing for the emergency has had great justification; but it is difficult to see how the states and municipalities which have depended heavily on this means of meeting their relief requirements will be able to discontinue this dependence, for governmental costs are rising again and taxpayers are still clamoring for tax reduction. Five years of chasing prosperity around the block still leave us with an undefined relief financing policy and a consequent prospect of further increase in debt.

Borrowing for relief purposes, it is true, has been somewhat offset by a decline in borrowing for public improvements. Depreciation and obsolescence, however, have continued at their usual rate, serenely oblivious of troublous times—in fact, they have moved faster in many instances because of deferred maintenance. Thus while depression emergency borrowing has prevented a reduction of debt, there has been accumulating a flood of requirements for future capital bond issues.

The Federal Public Works Administration, with its policy of loans and grants to municipalities, affords potentially a partial financial solution to these problems of depreciation and immediate capital needs. Unfortunately it has become a menace to the future financial stability of many municipalities by offering tempting inducements for the incurring of more municipal debt when there was neither real need nor adequate capacity to pay. Let me illustrate by the latest example which has come to my attention—a small, middle-class town, struggling to make both ends meet with a 43 per cent tax delinquency in 1933 and a per capita debt of $280, nearly four times the average for its population class. Just beginning to see financial daylight again, it is smothered with a PWA loan, which raises its per capita debt to $320, for a school building far more pretentious than necessary, if, indeed, any was needed at all. Such indiscriminating policies constitute the very antithesis of federal aid to municipal financial rehabilitation, not only by reimposing on local budgets a part of the work relief cost which the federal government ostensibly was assuming but by encouraging more borrowing by municipalities which should be concentrating on how to lower their debts to conservative levels.

Another impelling drive for the continued upward movement of municipal debt is the spreading practice of holding taxes down by the issuance of deficiency bonds to fund operating deficits and the refunding of maturing bonds. One hundred and forty-five million dollars refunding bonds were issued in 1934, a large part of which were merely deferments of obligations. When funding has been accompanied by steps to assure balanced budgets in the future, and where the extension of debt has corrected an unmanageable debt structure, useful and constructive objectives have been attained. But postponement of obligations for political expediency is merely accumulating higher debt and more trouble for tomorrow. A city which has issued bonds against its back taxes, issued bonds for its entire relief requirements, and refunded over half its maturing bonds for four years—and that is no fictitious example—is merely developing vulnerability for the next depression.

"Debt equalization" is the euphemistic title which has been coined for a form of debt refunding which has excellent prospects of inflating the debt load of those cities which are adopting it. Ostensibly a device for leveling off an awkward pyramid of maturing bonds, it not infrequently is used to establish an equal annual service cost on existing debt over a period of twenty or thirty years. Obviously, each new bond issue will push still further out of alignment the beautiful balance of the original schedule and tend to give debt a rising trend for years to come.

By and large, then, the present high debt plateau may easily become the base of operations for ascending still higher borrowing peaks. To prevent this trend is one of the biggest and most difficult problems confronting municipal administration, yet its solution seems necessary to preserve the vitality of local self-government.

PAY AS YOU GO

The requirements, as I see them, call for a modified pay-as-you-go policy for the next decade or more. The times are not auspicious for initiating a policy of financing all capital improvements from current revenues, but the very simple expedient should be generally employed of borrowing less each year than is paid off on old debt. One state, New Jersey, has made this policy mandatory until the debts of its municipalities are brought within more reasonable limits. What we need is a moratorium—not on all new borrowing, but on excess borrowing which will force the debt load steadily higher.

Refuting any argument that it cannot be done, is the fact that it has been and is being done, during recent and present inauspicious conditions, by a not inconsiderable number of government units. To cite an outstanding example, Holyoke, Massachusetts, an industrial city which has endured its full share of hard times, has financed its share of unemployment relief entirely from current revenues, has improved its physical equipment, has reduced its debt 40.8 per cent from 1930, and has lowered its total costs, at the same time, 15.9 per cent. Twenty-four per cent of all cities of over 50,000 population now have community debts which are less than 70 per cent of the median debts for their respective census groups. Their problem is the relatively simple one of holding their well intrenched position. Twenty-eight per cent of these cities, on the other hand, have community debts which are more than 30 per cent above the median levels, and therefore have the longest distance to travel to normalcy.

The accomplishment of any such program calls for planning and it demands more safeguards against excessive borrowing. It may be emphasized, moreover, that the problem is too diverse to be solved merely by some new form of automatic borrowing limit.

WHAT IS THE DEBT LOAD?

First and foremost is the need for facts—the basic facts, first, regarding the community debt load of each municipality, that is, the totality of the local public debt which is supported by the taxpayers of each municipality. By way of illustration: Baltimore has a city debt of $142 per capita. Its taxpayers support no other local debt. Pittsburgh has a city per capita debt of but $78; but its taxpayers also support a school district debt of over $27, their share of the county debt is over $88. The community debt adds up to $194.

Only when community debt figures are available is it possible to make valid comparisons. To add concreteness to the discussion, here are the median community tax supported debt figures for cities of over 50,000 population.

Cities of over 500,000 population, $144 per capita.

Cities of 250,000-500,000 population, $134 per capita.

Cities of 100,000-250,000 population, $107 per capita.

Cities of 50,000-100,000 population, $97 per capita.

The median ratio to estimated taxable wealth is 7.3 per cent.

Such statistics are essential in appraising the debt load of any given municipality, but they are still too rigid for they ignore variations in resources. Each city's debt must be evaluated not only in terms of the average for its population group, but by relating its resources to the average, through use of such factors as taxable wealth, median value of owned homes and of monthly rentals, per capita retail sales, and percentage of population making income tax returns. The median for this latter index was 4.6 per cent in 1933, but the range was from one-half of one per cent to 13 per cent—from Hamtramck, Michigan, to East Orange, New Jersey. Thus a given per capita debt load becomes much more untenable for one city than another in the same general population range. Given such facts, a municipality can form a fairly definite conclusion as to where it stands in relation to the general debt level.

One means of arriving at a conservative debt destination is to give the taxpaying public more control over borrowing. The requirement of a popular vote on bonds offers no full assurance of judicious practice, but it helps nevertheless. The fact that California cities came through their recent period of mushroom growth with moderate debts may be largely attributed, I think, to the prerequisite of a two-thirds popular vote on all bond issues. In New Jersey, whose municipal debts are notably among the highest in the country, the voters have no direct control over the borrowing activities of their officials. The requirement of a two-thirds popular vote on bonds seems well worth trying—with an exception in favor of 50 per cent for self-supporting utility bonds.

But of more importance, I believe, would be a mandatory requirement for capital budgets and of provision for public hearings on such budgets and on all proposed bond issues, possibly with the right of appeal to a properly equipped state authority.

The extent to which state supervision and control might effectively be promoted is a moot question and one beyond the scope of this discussion. I would have too little confidence in the prospective regulatory personnel in the average state to be a sanguine advocate of rigid and arbitrary state control, but certainly a state agency in every state should be required to present the debt facts and to serve in advisory capacity.

SOUND BORROWING POLICY NEEDED

State imposed borrowing limits offer ample room for improvement in many states, but I question the full effectiveness or equitability of improved limits in any state where a multiplicity of overlapping local borrowing entities exists. In Massachusetts, where one local government does most of the borrowing for the community, a limit based on 2½ per cent of assessed valuation has worked effectively despite the power of the legislature to make exceptions; but in New York, for example, with its layers of patchwork quilt local governments, a 10 per cent limit in theory may mean a 40 per cent limit in fact. Assessed valuation, at best, is an unsatisfactory basis for limiting debt, particularly where the standard used is that of a single year. Averages over a period of years, of assessed valuations or, perhaps preferably, of revenues, are more stable and less conducive to periodic excesses. But they still do not solve the problems created by overlapping areas in the great majority of states. Nothing will be quite so effective as wholesale consolidation to bring the municipal debt situation out into the open where it can be subject to critical scrutiny.

While the memory of the borrowing atrocities of the 1920's is still keen, something should be done in an attempt to safeguard municipal debt for public purposes, and it should be done before the next real estate boom arrives. If the financing of improvements by special assessment bonds can be radically curtailed and regulated, a devastating blow will have been dealt to the misuse of public credit in a number of states. The curtailment might well start with the requirement that all new subdivisions be provided with local improvements financed by the promoters, and subject to rigid municipal standards and inspection. It should proceed from there to define much more narrowly the conception of what constitutes a local improvement, and to apply to special assessment debt the same principles efficacious in general debt control.

Effective action to control excessive borrowing, fortunately, does not have to await the deliberations of legislatures or amending of constitutions. The power to act and to plan lies largely within the jurisdiction of each municipality so far as its own debt is concerned, and local self-government will prove somewhat lacking in justification if it fails to measure up to the opportunity. More than amateur good intentions are needed, however.

A first step involves the balancing of budgets in fact, rather than only on paper. This calls not merely for living within appropriations, but for more realistic estimates of receipts, and for controlling casual deficits in immediately succeeding budgets. Current operations, at least, must be put on a pay-as-you-go basis to avoid further accumulation of long-term debt for current expenses.

In the second place, a municipality, unless the community debt is very low, might well determine its own borrowing margin over the next ten-year period in terms of the amount of present debt which it will retire—and plan its capital outlay accordingly. A further suggestion is that those cities which have uncollected and unencumbered revenues in the form of large accumulations of back taxes, might set aside a portion for the building up of improvement funds.

Thirdly, there is need for more careful attention to the planning of debt structure. The extensive substitution of serial bonds for term bonds is eliminating the old problem of sinking funds, but it has created the rather complex problem of planning the maturity schedule. The old rule for retirement of debt within the life of the improvement is as sound as ever, despite its extensive recent and current violation through the refunding of maturing bonds. But the proper planning of debt retirement calls for something more. The present tendency toward rearranging debt, to provide an even level of interest and principal payments on present debt over a period of ten, twenty or thirty years, is an improvident step which will tend to move the debt level upward with each new bond issue. Debt service must be planned in a steady series of steps downward in order to provide room for new borrowing.

Fourthly, municipalities must plan to get more for their money if they wish to maintain adequate facilities and at the same time keep debt down. Illustrations are innumerable of waste through inexperienced judgment, political connivance, and inadequate or inferior engineering and architectural guidance. I am informed by the best engineering authority that within the next few years it will be possible to build better school buildings at from one-fourth to one-third less cost—an important item when one realizes that school district debt multiplied eighteen times from 1912 to 1932. It seems clear, therefore, that the technician must be brought more strongly into the picture.

Putting legal patches on the dam will stop some of the leaks, but really effective debt flood control must originate at the sources. The power to borrow is one of the most useful and important privileges of our local governments, but it must be used with a critical and intelligent regard for its safe and reasonable limits. A sound borrowing policy for any community calls for the conservation rather than the exhaustion of credit. It demands that the limit of debt to be incurred be gauged by ability to pay under adverse circumstances rather than by resources at the peak of a business boom. A fundamental weakness of the great majority of our cities today lies in their failure to create a credit reserve in times of plenty. It is a weakness not readily or quickly corrected, but a policy of borrowing less each year than is repaid, over the next uncertain decade, will go far toward producing a desired security against such emergencies as the future may have in store.

Editor's Note—Address delivered November 25, 1935, at the Forty-first Annual Conference on Government of the National Municipal League at Providence, R. I.

Relocating the Isolated Settler

Governmental economy and improved citizenship and morale may be expected from the wise use of a relocation program

W. A. ROWLANDS
University of Wisconsin

THE real story of the personal struggle of isolated settlers now located on land that should never have been farmed has never been told. Few would care to tell it. It is a record of a hopeless struggle of men, women, and children isolated on land too hilly, swampy, sandy, or stony, and too unproductive to permit of anything but the lowest level of living. They are isolated from markets, from neighbors, and from community centers by all the barriers of distance, of lack of highways, and of poverty.

In the Lake states, some of these settlers became stranded when the railroads moved out. Others were marooned on small islands of good land in a cut-over and non-agricultural area. Still others with poor land lost all hope when the sawmills closed with the disappearance of timber. They could not support themselves on the land without outside employment, and outside employment was gone. Throughout much of rural America, in the semi-arid plains, in the Ozarks, in the Appalachians, and the far West, the situation is essentially the same and likewise the reasons for relocating isolated settlers are strangely similar.

The dominating motives behind any well-conceived settler relocation plans in regions such as the Lake states must be: government economy in roads, schools, fire protection, public health, and relief costs; development of forest and recreational resources on land unfit for farming and desirable for these purposes; elimination of potential forest fire hazards; reclamation of rural slums, and improved citizenship and morale.

When relocation is built on these fundamental foundations of human welfare and economy and responsibility in local government, then it becomes an inspired and enlightened community enterprise.

From the viewpoint of the individual settler, relocation means the elimination of a tragic and a futile waste of both human and financial resources.

There are in every county in our sparsely-settled regions many illustrations of the expense unregulated settlement has cost, and is still costing, local communities.

In northeastern Wisconsin, a family homesteaded an isolated "forty", seven miles from a village and two and one-half miles beyond any existing road. It was also located inside an area of several thousand acres of timber on which local government depended for revenue, local industry for raw materials, and local people for employment. This settler demanded the extension of a road two and one-half miles to his farm, and wanted transportation for his children to the school at public expense. The road would cost several thousand dollars to build. It would cost $450 per year to board the children in the village. The school district and the town board felt that such demands were unreasonable, and further, unnecessary. Finally, as an alternative they secured eighty acres of land close to the village and on a highway on which a school bus and a mail route operated. Local officials induced the settler to trade his isolated "forty" for this well-located "eighty," and, in addition, assisted him in moving and in preliminary developments. This statesmanlike action on the part of the local government improved matters for everyone concerned. The town board has avoided an unnecessary expense for roads. The school district has been saved an unnecessary school transportation expense. A serious forest fire hazard has been eliminated. Most important of all, the family enjoys new social and economic advantages not possible in its old location. Several years have passed since this relocation took place. Time has proved the wisdom of the move. The old homestead and the surrounding timber land have been placed in a restricted use district under the county zoning ordinance, giving assurance to the taxpayers that never again will this land be a burden to them.

ZONING A NECESSITY

It would be futile to relocate settlers from isolated lands without guarding against new settlement in the same locality in the future.

Such assurance can be obtained either by public purchase of all land in the non-agricultural areas of rural America, or by county enactment of rural zoning ordinances.

The first method would require so much money that we can dismiss it without further consideration.

The rural zoning method, first used in Oneida County, Wisconsin, three years ago, is a promising, an inexpensive, and a thoroughly democratic method.

This is comparable to what cities have done for a quarter of a century and more. Cities enacted zoning ordinances to protect property values from being lowered through indiscriminate development. Wisconsin counties established zoning ordinances to protect property owners from increases in taxes through unregulated and unwise settlement. Both are locally initiated and administered, and both are in the public interest. Careful administration of these rural zoning ordinances is the method through which proper relocation may ultimately be accomplished.

We can never hope to blend the old ideal of free pioneering as exemplified by Daniel Boone with the newer ideal of providing government services to anyone regardless of location. These two ideals are inconsistent and conflicting. All such attempts carry the threat of disaster to the finances of local government. They carry, too, the threat of ruination to the individual.

Relocation without rural zoning is a job that will never be done. Zoning without relocation of isolated settlers is a task but half done. Zoning followed by relocation is an undertaking well on the way to completion.

Out of all the studies and the experiences by state and county agencies in Wisconsin, there is common agreement that the following fundamental principles must be made a conspicuous part of any program involving the relocation of isolated settlers.

One of these is that relocation work be limited to those settlers now living within the restricted use districts established by county zoning ordinances. Selecting settlers to be relocated from these districts is to give assurance that public money so expended will be safeguarded in the future.

Likewise, all new farm units developed need to be on potentially good farm land and in established farming communities close to roads, schools, markets, and community centers. Every effort should be exerted to make the relocated settler feel a part of an established community rather than to make him conspicuous in a new, untried, and undeveloped community experiment.

SECURING OF FARMLAND

Wherever possible, productive farms owned and operated but now for sale by elderly people, or farms at present vacant but productive and well located, should be utilized in this program.

Where new farms are to be developed, an adequate acreage of cleared land and farm buildings of moderate cost, designed for utility, are more essential than an expensive house and inadequate land, or livestock. The cost of the new farm unit must always be kept within the ability of the man and land to repay. No good has ever been accomplished and a great injustice has always been done when a settler has been saddled with a high debt load under which he must stagger, often hopelessly, for a lifetime.

Obviously, all buildings on these new properties must meet accepted standards for the region in which they are located. There is room here for real ingenuity and ability in the use of native materials and in the design and arrangement of farm properties for comfort, convenience, permanence, and for low cost.

In relocation, it is important that little change be made in community relationships. It may be necessary for special or personal reasons to relocate a family from one county to another with greater possibilities. However, when good farm land can be found in established communities in the same county and the same region, it should be given preference.

It has been said that "human baggage is of all kinds the hardest to be transported." Not all isolated settlers will become farmers and not all want to become farmers. Some are too old, physically handicapped, or otherwise unfitted for farming. Others plan to abandon present holdings when opportunity for employment develops.

There are many uncharted and unchartable aspects of a relocation program. Essentially, it is as much a human problem as it is one of land use. It cannot be done in a month or a year, but it will take many years to complete. It is now clear that the problem of relocating isolated settlers is an intensely practical undertaking, that it is both local and state-wide in its implications and further that it can be met and solved only through a maximum participation of enlightened state and local government.

Editor's Note: Radio address delivered December 17, 1935, in the YOU AND YOUR GOVERNMENT series over a nation-wide network of the National Broadcasting Company, under the auspices of the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association, in coöperation with the National Municipal League.

PLANNING THE CARE OF UNEMPLOYABLES

(Continued from Page 11)

states present activities will need little more than adjustment and some expansion; but in most the task is that of a new beginning.

Pervading these local differences, there is, nevertheless, the common need for permanent, orderly financing and deliberate, clear-headed building of administrative structures—matters too often discounted in the rush of emergency action. The change from direct relief to permanent care should be not an abrupt unloading of responsibilities, but rather an orderly, well planned transition avoiding needless stress upon the administrative mechanics and undue breaks in the continuity of the service that social problems so sorely need.

To Sweeten Our Tax Tea

An outline of suggested sources of municipal revenue to provide maximum public benefits with minimum private burden

HAROLD S. BUTTENHEIM — *Editor, The American City*

WHEN one is a guest in a home in England or Ireland or Scotland, courtesies characteristic of the local culture may be expected. If you were to indicate a desire for added sweetness in your tea, the response of a typical English hostess, it is said, would be: "Please hand back your cup for more sugar." From an Irish hostess you might expect the prompt passing of the sugar bowl, with a request that you help yourself. But a thrifty Scotch hostess would be apt to ask: "Are you sure that you *stirred* it enough?"

It is that story, told at the City Club of New York recently by a British economist, that is responsible for the title of this discussion. When we think that our tax tea needs sweetening, our first impulse is to search greedily for new sources of revenue, without careful stirring of our cup or investigating the old sugar bowl to see whether it is really as empty as some alarmists allege.

In preparing this paper your present discusser has not only appropriated the story just told, but has dipped freely into several recent research repositories. These stimulating aids include Edward W. Harding's monograph on "Municipal Revenues from Sources Other Than Taxation", just issued as Publication No. 35 of the Bureau of Training and Research of the New York State Conference of Mayors and Other Municipal Officials; A. M. Hillhouse's paper on "Sources of Municipal Revenue", as presented at the 1935 convention of the Municipal Finance Officers Association, and his previous monograph on the same subject published by that organization; Clyde L. King's new book, "Public Finance"; and the publications of the Tax Policy League. For the following attempt, however, to formulate a brief statement of principles relative to municipal revenues, combining excerpts from the above-mentioned sources with some ideas of his own, the compiler must assume full responsibility.

1. The real estate tax is, and must continue to be, the main source of municipal revenues. In many cities collections from this source can be substantially increased and injustices corrected by more equitable assessment and more efficient collection methods.

2. If through state aid or otherwise a reduction in real estate taxes is made possible, such reduction would be most beneficial if applied wholly to the tax on buildings and other improvements and not to the tax on the land; for in the long run it is land values and not improvement values which are enhanced by public expenditures.

3. Similarly, wherever increased real estate taxes or benefit assessments are to be imposed, it is desirable that state laws permit the levying of such added taxes or assessments wholly on land values. As far as possible all processes

of production should be freed from the burden of taxation.

4. Much greater reliance than at present ought to be had on graduated state income and inheritance taxes, and on financial aid from the proceeds of such taxes to county and municipal governments.

5. General sales taxes, either municipal or state, bear no relation to ability to pay, but are instead extremely regressive in character and cannot be justified on the grounds of equity. General sales taxes are, moreover, repressive in their effect upon business, as they tend to diminish buying and to drive business across state lines.

6. Motor vehicle license fees and gasoline taxes ought to be features of state rather than municipal tax systems; their proceeds ought to be used for street and highway construction and maintenance purposes; and in many states a larger percentage than at present of such taxes should be apportioned to the municipalities.

7. In the operation of municipally owned utilities, periodic consideration should be given to the adjustment of rate schedules, both to secure greater equity among the users of such services and added revenues to the municipality from utilities not now wholly self-sustaining. The metering of all water services is one important step to this end.

8. For franchises or license fees for transportation companies—street cars, busses and taxicabs—or for privately owned waterworks, electric and gas plants, the charge should depend on the adequacy of rate regulation under contract or public utility commission control. High franchise or license charges are justifiable only if efficiently operated private utilities would otherwise make exorbitant profits.

9. Government benefits and services when special and direct should, when practicable, be paid for directly by those receiving such benefits. That this principle may be more generally applied, most municipalities could advantageously give consideration to a thoroughgoing revision of their fee, license, and service charge schedules.

CHARGES FOR SERVICES

10. Consideration should be given to the extent to which the universally accepted principle of financing municipal water supply and electric light and power services in rate charges to users, rather than by general taxation, should be extended to other public services. In general such extension is desirable in the case of services used or needed by substantially less than the total population, for example: Use by transport companies of municipal docks, piers or airports, use of municipal swimming pools and bath houses, use of city-owned parking spaces, use of public school or other auditoriums by clubs, churches, etc.

11. In the case of public services which for sanitary reasons ought to be city-wide, rate charges should be substituted for general taxation only if such policy would result neither (a) in any considerable discontinuance of use of the service by private individuals nor (b) in adding to the burdens of small home owners through the costs of assessing and collecting such service charges.

Under these conditions sewer rental charges are advisable, garbage collection charges are unwise, charges for use of public comfort stations are unwise.

12. Fire department costs ought to be met mainly out of general tax revenues, but fees or service charges may wisely be assessed for such purposes as the following: fire-fighting services outside city limits, fire-fighting costs resulting from arson or from disregard of fire or building codes, periodical inspection of premises by fire departments, approval of installation of oil burners, annual permits relative to the sale, trans-

portation, or storage of explosives or inflammable liquids.

13. Theoretically, every person in a community is entitled to an equal share of police protection. To individuals or groups desiring more than such equal share, a service charge should be made for the following purposes, among others: guard for transfer of bank funds or industrial payrolls, detail at parades sponsored by private organizations, detail for athletic contests or other large gatherings, detail for traffic control at weddings and other private functions.

14. For services of an inspectional or regulatory character, fees should be charged to an amount sufficient only to cover the cost of inspection, issuance of permits, etc. Under this heading would come such permits or services as: permission to cut pavements or curbs, building permits, elevator permits, business licenses, weight and measure inspection, sanitary inspection of places serving food or drinks, inspection of barber shops and beauty parlors, birth and death certificates, motor vehicle inspection fees.

15. Hospital service and clinic care should be on the basis of ability to pay —with free service to indigents and service at cost for those able to pay. Public health nursing service should be rendered free to the indigent and at a nominal visit charge to others not able to employ private nurses.

16. Minor highway privileges merit more consideration than they generally have had as sources of municipal revenues. These include privileges under the surface of the street, such as areaways, conduits, coal holes, tanks, and vaults; surface encroachments beyond property lines, such as bay windows, steps and stoops, loading platforms, vender stands, and temporary storage of building and other materials within street lines; and overhead privileges such as overhanging signs, balconies, fire escapes, and wires. In general, where, as is generally the case, encroachment is not a private right, an annual fee approximating the market rental value of the privilege should be charged.

ELIMINATION OF WASTE

17. Attempts to discover and apply beneficial new sources of public revenues ought, obviously, to be accompanied with a reduction in the wasteful spending of existing revenues, where such exists. To cite only two examples: In many municipalities the present favorable bond market offers an opportunity to save substantial sums in interest rates by the refunding of callable bonds. Installation of modern business machines to replace antequated methods of copying, tabulating, accounting, and recording is a rational method of reducing waste which municipalities are increasingly adopting.

18. If our municipalities everywhere would do what is now being done with success somewhere, most of their fiscal problems would be solved—and our future cups of tax tea would be both palatable and stimulating.

EDITOR'S NOTE: Address delivered November 26, 1935, at the Forty-first Annual Conference on Government of the National Municipal League at Providence, R. I.

Annual Appraisal of Municipal Reports

Reports for the year 1935 exceed all previous records for number and quality

CLARENCE E. RIDLEY

University of Chicago

FOR the ninth successive year I place my life in jeopardy by yielding to the desire of the NATIONAL MUNICIPAL REVIEW to have the annual municipal reports of the country appraised in these pages.

It is encouraging to observe a constantly growing list of cities that each year give a formal account of their stewardship through the pages of an annual report. During the year a total of fifty-five cities issued general municipal reports, thereby exceeding the previous high of forty-seven established last year. As to quality the general average for all reports submitted during 1935 excels that of any previous year—twenty-four or nearly one-half the total issued rated above 70 and were included in the list to be appraised. When this system of grading reports was inaugurated in 1927 a rating of 50 was sufficient to be included in the appraisal; in 1932 the minimum was raised to 60, and in 1934 the minimum rating was increased to 70 in order to keep the number of reports to be rated within reasonable bounds.

THE WINNERS

Three reports tied for first place with a rating of 95—Berkeley, California, Cincinnati, Ohio, and Norfolk, Virginia. The reports of these three cities have just about everything an ideal report should have—attractiveness, brevity, succinctness, significant pictures, impressive charts, emphasis on important facts, and other essentials that help make public reports digestible. Two Rivers, Wisconsin, came next with a score of 93; Memphis, Tennessee, followed with 92; Dayton, Ohio, rated 91; and Auburn, Maine, scored 90. Two cities were given ratings of 89—Albert Lea, Minnesota, and Austin, Texas. Other cities to score 80 or above were Dallas, Texas; Piqua, Ohio; Stratford, Connecticut; Pasadena, California; Alameda, California; Milwaukee, Wisconsin; Oregon City, Oregon; Kenosha, Wisconsin; and Staunton, Virginia. Six cities rated from 70 to 79. They were: Bangor, Maine; Hackensack, New Jersey; Mangum, Oklahoma; Belfast, Maine; San Mateo, California; and Ironton, Ohio.

HONORABLE MENTION

Other cities which issued general municipal reports during the year which for various reasons did not lend themselves to the grading schedule but were nevertheless well worthy of honorable mention were: Alliance, Nebraska; Atchison, Kansas; Bedford, Ohio; Benton Harbor, Michigan; Binghamton, New York; Brewer, Maine; Carlisle, Pennsylvania; Colorado Springs, Colorado; Crystal Falls, Michigan; Ellsworth, Maine; Fredericksburg, Virginia; Grand'Mere, Quebec; Kalamazoo, Michigan; Lynchburg, Virginia; Mansfield, Massachusetts; Mason City, Iowa; Middleboro,

TABLE I

COMPARATIVE RATINGS OF MUNICIPAL REPORTS

Explanation—The number "5" denotes approach to an acceptable standard, while "0" indicates the value on that particular criterion to be practically negligible. Intervening numbers denote the degree of variation between these two extremes. A total of 100 would indicate a perfect score.

Criteria	Berkeley, Calif.	Cincinnati, Ohio	Norfolk, Va.	Two Rivers, Wis.	Memphis, Tenn.	Dayton, Ohio	Auburn, Maine	Albert Lea, Minn.	Austin, Texas	Dallas, Texas	Piqua, Ohio	Stratford, Conn.	Pasadena, Calif.	Alameda, Calif.	Milwaukee, Wis.	Oregon City, Ore.	Kenosha, Wis.	Staunton, Va.	Bangor, Maine	Hackensack, N. J.	Mangum, Okla.	Belfast, Maine	San Mateo, Calif.	Ironton, Ohio
I. Date of publication																								
1. Promptness	4	4	4	5	3	2	4	5	3	3	5	4	3	1	3	5	0	2	0	3	0	2	0	4
II. Physical Make-up																								
2. Size	5	5	5	5	4	5	5	4	5	4	5	5	5	5	5	5	5	5	5	3	5	5	5	5
3. Paper and type	5	5	5	5	5	5	5	4	5	5	5	5	5	5	5	5	5	5	4	5	4	4	5	4
4. Important facts	5	5	5	4	5	4	4	3	5	4	4	4	3	5	5	4	5	3	3	3	4	3	4	3
5. Attractiveness	5	5	5	4	5	5	4	3	5	5	4	5	5	5	5	4	5	4	3	5	4	4	5	4
III. Content																								
A. Illustrative Material																								
6. Diagrams and charts	5	5	5	5	4	5	5	5	2	5	5	3	5	3	5	3	4	5	2	5	5	3	3	3
7. Maps and pictures	5	5	5	5	5	5	5	4	4	5	4	4	4	5	5	4	4	0	4	5	5	3	2	0
8. Distribution	5	5	5	5	5	5	5	5	5	5	4	3	3	5	4	5	4	4	4	5	5	4	3	4
B. Composition																								
9. Table of contents	5	5	5	5	5	5	5	5	5	0	5	5	4	5	5	3	4	5	4	0	0	5	0	0
10. Organization chart	5	5	5	5	5	4	5	5	4	5	5	5	5	5	0	5	5	5	4	5	0	4	0	5
11. Letter of transmittal	5	4	5	3	5	5	5	5	5	5	5	5	3	4	4	3	3	5	5	4	4	4	5	3
12. Recommendations and accomplishments	4	5	4	5	4	4	4	3	4	4	4	3	4	3	4	3	3	2	5	3	3	3	4	4
13. Length	4	4	4	5	5	4	4	5	4	5	5	5	5	2	1	4	3	4	5	3	5	4	5	5
14. Literary Style	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
15. Arrangement	5	5	5	5	5	5	5	5	5	5	4	4	3	5	5	4	5	5	4	5	5	3	5	3
16. Balanced content	5	5	5	5	5	5	5	5	5	5	4	4	4	5	4	4	5	5	4	4	4	2	4	4
17. Statistics	4	4	4	3	4	4	3	4	4	4	3	4	4	3	4	3	3	4	4	4	4	2	4	3
18. Comparative Data	5	5	5	5	4	5	4	5	4	4	3	3	4	3	4	4	4	4	5	3	4	4	3	3
19. Financial statements	4	4	4	4	4	4	3	4	5	5	4	4	4	3	4	4	4	4	4	4	3	3	4	3
20. Propaganda	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Totals	95	95	95	93	92	91	90	89	89	88	88	85	83	82	82	82	81	81	79	79	74	72	71	70

Massachusetts; Mount Desert, Maine; Muskegon, Michigan; Niagara Falls, New York; Norwood, Massachusetts; Rhinelander, Wisconsin; St. Petersburg, Florida; Stamford, Connecticut; Stevens Point, Wisconsin; Southington, Connecticut; Tallahassee, Florida; Washburn, Maine; West Bend, Wisconsin; Westmount, Quebec, Winnetka, Illinois.

BASES OF APPRAISAL

The twenty criteria upon which the grading of these twelve reports was based are:

I. DATE OF PUBLICATION

1. *Promptness.*—The report will have little value unless published soon after the end of the period covered—six weeks as a maximum.

II. PHYSICAL MAKE-UP

2. *Size.*—Convenient for reading and filing, preferably 6" x 9".

3. *Paper and type.*—Paper should be of such a grade and the type of such size and character as to be easily read.

4. *Important facts.*—The more important facts should be emphasized by change of type or by artistic presentation.

5. *Attractiveness.*—The cover, title, introduction, and general appearance should aim to attract the reader and encourage further examination.

III. CONTENT

A. *Illustrative Material*

6. *Diagrams and charts.*—Certain established rules should be followed to insure an accurate and effective presentation.

7. *Maps and pictures.*—A few well-chosen maps to indicate certain improvements, and a liberal supply of pictures, pertinent to the report, should be included.

8. *Distribution.*—Great care should be exercised in placing the illustrative material contiguous to the relevant reading material.

B. *Composition*

9. *Table of contents.*—A short table of contents in the front of the report is a great aid for ready reference.

10. *Organization chart.*—An organization chart or table indicating the services rendered by each unit, if placed in the front of the report, will help the reader to a clearer understanding of what follows.

11. *Letter of transmittal.*—A short letter of transmittal which either contains or is followed by a summary of outstanding accomplishments and recommendations for the future should open the report.

12. *Recommendations and accomplishments.*—A comparison of past recommendations with the progress toward their execution will serve as an index to the year's achievements.

13. *Length.*—Fifty pages should be the maximum length.

14. *Literary style.*—The text should be clear and concise, reflecting proper attention to grammar, sentence structure, and diction.

15. *Arrangement.*—The report of the various governmental units should correlate with the organization structure, or follow some other logical arrangement.

16. *Balanced content.*—The material should show a complete picture, and each activity should occupy space in proportion to its relative importance.

17. *Statistics.*—Certain statistics must be included, but wherever appropriate, they should be supplemented by simple diagrams or charts.

18. *Comparative data.*—The present year's accomplishments should be compared with those of previous years, but only with full consideration of all factors involved.

19. *Financial statements.*—Three or four financial statements should be included, showing amount expended and the means of financing each function and organization unit.

20. *Propaganda*—It is unethical and in poor taste to include material for departmental or personal aggrandizement. Photographs of officials, especially of administrators, seem out of place in a public report.

COMPARISON WITH PREVIOUS YEARS

Table II indicates a slight recession from the gradual improvement in the reports of those cities that have consistently issued high grade reports for the past six years or more.

It is of interest to observe from Table III, that in spite of the fact that the

TABLE II

City	1928	1929	1930	1931	1932	1933	1934	1935
Austin, Texas	54	65	81	82	88	89	87	89
Auburn, Maine			72	69	88	89	94	90
Cincinnati, Ohio	83	87	89	89	93	93	94	95
Kenosha, Wisconsin	79	68	79	79	79	83	85	81
Two Rivers, Wisconsin	67	78	84	86	92	85	94	93
Average Rating	71	74	81	81	88	88	91	90

minimum qualifying standard for appraisal has been raised twice since 1927, there were more cities to meet this higher standard in 1935 than in any previous year. It is comforting indeed to observe that while in 1927 the average length of the public report was ninety pages, there is a distinct tendency toward the shorter report, which brought the average this year to fifty-six pages. Encouraging, too, is the fact that promptness in issuing reports shows a reduction of three weeks in comparison with the figure for last year.

In physical makeup the reports this year reached a high mark of 91, as compared with 90 the year before, but yielded two points to last year on illustrative material. In composition, the figure remained the same as that of the past two years. In looking back over the past nine years, I think we can conclude that public officials are becoming aware of the absolute necessity for keeping the public informed on governmental affairs and while it is recognized that the annual report is by no means the only means of accomplishing this objective, it nevertheless is clear that there is a growing demand on the part of the people for public information.

TABLE III

	1927	1928	1929	1930	1931	1932	1933	1934	1935
Number of Reports Appraised	12	17	20	16	14	10	13	16	24
Average Length (pages)	90	78	90	60	72	75	66	68	56
Promptness in Issuing Report (in months)	4.5	3.7	4.7	4.1	3.7	3.2	4.1	4.2	3.5
Physical Make-up (per cent)	78	78	82	86	81	82	87	90	91
Illustrative Material (per cent)	62	58	65	74	74	83	87	86	84
Composition (per cent)	64	66	72	79	85	89	87	87	87

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

State Social Security Legislation.—Because the federal social security act takes effect only as the states pass approved measures for old-age assistance, unemployment compensation and other welfare provisions, and because of requests already received from a number of governors and state legislative committees for assistance in drafting such legislation, the American Public Welfare Association has just issued a pamphlet suggesting standard bills on these subjects, with additional statements concerning other provisions of the federal act. The bills are the composite result of advisory work on these problems in a number of states and of frequent conferences with the administrative agencies in Washington.

Since the states must show a properly set up department of welfare in order to share in the federal grants-in-aid, a detailed plan of administrative organization is given prominence. It proposes a state board of public welfare of five or seven members, to be appointed by the governor without consideration to political affiliation, for overlapping terms of five or seven years. The board would select a commissioner, who would be the executive and administrative officer of the department, which would comprise divisions of public assistance, child welfare, mental hygiene, and correction.

The Association warns that the bills presented are merely suggestions, since much depends on constitutional limitations, welfare legislation already enacted, and the views of the appellate courts of the states.

Fred K. Hoehler, executive director of the American Public Welfare Association, who on December 1 assumed the duties of the office which had been held by Frank Bane, now the executive officer of the Federal Social Security Board, warns against ill-founded conclusions as to the expense of a social security program, and urges careful and unprejudiced study of all possible costs to industry and the consumer.

*

Harvard University Establishes Graduate School of Public Administration.—A gift of two million dollars from Lucius Nathan Littauer of New York City, glove manufacturer and former member of Congress, is to enable the establishment by September, 1937, of a Graduate School of Public Administration at Harvard University, in Cambridge, Massachusetts. The purpose is not only to train governmental specialists but to educate men in a broad way for public service.

In announcing the gift and project on December 10, President Conant of Harvard stated that a commission of five leading educators and students of governmental administration had been appointed "to make a comprehensive report on university education for public service and to recommend plans for the organization of the new school." The commission is headed by President Harold W. Dodds of Princeton University and the National Municipal League, and consists also of Leonard D. White of Washington, United States Civil Service Commissioner; William B. Munro of Pasadena, California, professor of history and government at the California Institute of Technology; Wallace B. Donham, dean of the Harvard Graduate School of Business Administration; Harold H. Burbank, professor of political economy at Harvard; and Morris B. Lambie, professor of government at Harvard, who will be the secretary of the commission.

Manager Plan Developments.—The county prosecutor of Cuyahoga County, Ohio, has ruled that the county-manager charter which was voted upon at the November 5 election failed of adoption, although receiving a substantial majority both in the county as a whole, and in the city of Cleveland, which has approximately three-fourths of the county's population. His decision will be tested. See note on page 35.

Norton, Va., (3,077) adopted the manager plan on December 20 by a vote of 322 to 234.

The manager plan in Ashtabula, Ohio, where it has been in operation since 1915, weathered the fifth attempt of its opponents to cause its defeat at an election, when, on November 5, it was sustained by a vote of 3,366 to 2,864. A citizens' charter committee took an active part in opposing the attack.

Waco, Texas, at a special election on November 19, defeated 43 proposed charter amendments, certain of which would have eliminated the council-manager plan. One amendment, providing for a civil service board, carried.

Robbinsdale, Minn., on December 3 defeated a proposal to adopt the manager plan by a vote of 871 to 575.

In the town of Ludlow, Massachusetts, (1930 population 8,876) the Civic League is working for the adoption of the town manager form of government, and has petitioned the board of selectmen for a special town meeting to act on the adoption of such a plan.

Two recent accessions to the ranks of municipalities that have adopted the manager plan by ordinance are Sewickley Heights, Pennsylvania, and Orange, Virginia.

John N. Edy, who has been city manager of Berkeley, Calif., Dallas, Texas, and various other cities, has been appointed the first city manager of Toledo. Mr. Edy is at present Assistant Director of the Budget at Washington, D. C.

*

Advances in Interstate Coöperation During 1935.—Important and definite evidences of coöperation between the governments of the various states occurred during the past year. According to a review by the Council of State Governments, of which Henry W. Toll is executive director, they include:

January: Council of State Governments holds first meeting, in Washington, D. C., when members of the planning board of the Council join with the board of managers of the American Legislators' Association and the Interstate Commission on Conflicting Taxation to plan development of the Council and the meeting of the Second Interstate Assembly.

February: Second Interstate Assembly meets, bringing together 150 delegates from more than forty states to discuss conflicting taxation and other problems requiring intergovernmental coöperation.

March: New Jersey legislature adopts joint resolution which creates the first Commission on Interstate Coöperation. Colorado follows.

April: Nebraska, North Carolina, and Florida create similar commissions.

May: Pennsylvania and Maryland establish commissions.

June: New Hampshire establishes a commission. Before the close of legislative sessions, fourteen other states have set up part of the coöperative machinery in the form of joint legislative committees on interstate coöperation.

Thirty-six representatives of twenty-two of these agencies meet in Chicago in conference sponsored by the Council of State Governments.

National Association of Attorneys-General requests establishment of a clearing house service of opinions of attorneys-general by the secretariat of the Council of State Governments.

Tax Revision Council, arm of the Interstate Commission on Conflicting Taxation, holds first meeting in Washington, D. C., with members including representatives of federal, state, and local governments.

July: National Association of Secretaries of State authorizes establishment of secretariat under the Council of State Governments.

October: New Jersey Commission on Interstate Coöperation arranges nation-wide crime conference which sets up the Interstate Commission on Crime.

November: First regional conference on interstate coöperation, of New York, New Jersey and Pennsylvania (see separate note); first meeting of Interstate Commission on Crime to ratify model statutes drafted by twenty-six law schools throughout the country for reciprocal legislation and interstate compacts for the control of crime.

December: See note on interstate coöperation in crime control, this issue.

Nineteen thirty-six should show continued progress, the Council predicts, if the important building up of the basic machinery of interstate coöperation is accomplished. Commissions on interstate coöperation, it points out, "represent the major opportunity for state governments to reassert themselves as major units of the American governmental system."

*

Regional Meeting of Commissions on Interstate Coöperation.—The first regional conference of the New York, Pennsylvania, and New Jersey commissions and committees on interstate coöperation was held in New York City, November 22-23, to consider immediate steps for hastening interstate solution of such problems as water pollution, milk control, crime prevention, and other pressing regional questions, and also to discuss plans for establishing on a permanent basis a regional office to coördinate the work of the various interstate commissions in the New York area.

These commissions or legislative committees on interstate coöperation now exist in twenty-three states. They are typically composed of fifteen members: five administrative officials appointed by the governor (usually members of his cabinet), five senators, and five members from the lower house of the legislature.

The conference heard such authorities as Attorney-General John J. Bennett, vice-chairman of the Interstate Commission on Crime; Joseph P. Day, chairman of the Interstate Sanitation Commission; and Peter G. Ten Eyck, chairman of the Governor's Committee on Interstate Milk Relations discuss proposals for integrating the work of their respective agencies with the commissions on interstate coöperation. Mark Graves, president of the New York State Tax Commission, discussed interstate tax agreement through compacts and reciprocal legislation, and Dr. Luther Gulick, Director of the Institute of Public Administration, rendered a report on "A Regional Research Program for Commissions on Interstate Coöperation."

Hubert R. Gallagher
Regional Consultant
Council of State Governments

*

Conference Emphasizes Training on Job.—A conference on training for the public service, at which twenty-eight college presidents, deans, civil service commissioners, teachers and public officials met in Princeton, New Jersey, late in 1935, under the auspices of the Public Administration Clearing House, agreed that the importance of training public employees on the job—"post-entry training"—has not been sufficiently realized, and that great opportunities lie before officials and educators to develop such training programs, in addition to the academic courses now offered by thirty-five or more colleges and universities.

In order to put further emphasis on this part of employee-training, the conference recommended: (1) that a standing committee on the procedure, standards, and objectives of post-entry training be appointed and facilities provided for circulating information on activities in this field; (2) that strong support be given to the efforts embodied in these programs from federal and state vocational education funds; (3) that employing and training agencies jointly assume the responsibility for achieving the objective sought; (4) that a study be made of the possibility of securing visual instructional aids, including motion pictures, for nation-wide use; (5) that the United States Office of Education, through its Division of Vocational Education, be asked to extend its professional services in the field of personnel training.

The conference is reported in a pamphlet entitled "Training for the Public Service," issued by the clearing house. It describes widespread training programs in effect from New York to California.

*

College Police School Serves Wide Territory.—A two-months session of an unusual police school ended early in December. It was held at Hobart College, Geneva, New York, under the direction of James M. Williams, professor of sociology and director of the extension department, and R. W. Morris, police chief of Geneva. It began as a six-county police school, and at the close had students from thirteen counties, some of them more than one hundred miles distant. There were two hundred registrants, and over three-fourths of them took the final examination. Many attended at great inconvenience, and the course aroused great interest.

Classes were held two days a week, with a two-hour afternoon session duplicated in the evening for the convenience of those who could not attend earlier. The lectures were reported for permanent reference. The lecturers were chiefly from federal, state, and municipal police and crime agencies or departments.

*

Interstate Coöperation Against Crime.—The Interstate Commission on Crime met early in December in New York City and approved anti-crime legislation framed at its request by the leading law schools of the country. The suggested laws will be submitted to state legislatures in 1936 through the Council of State Governments, which provides the secretariat for the commission. Among the bills which the commission approved are those proposing the setting up of bureaus of criminal identification in each of the forty-eight states, finger-printing of all persons who obtain motor vehicle registration certificates and drivers' licenses, the granting of power to a peace officer of one state to arrest a fugitive who has just fled into another state, and uniform state legislation on extradition of criminals.

At present there are state bureaus of criminal identification in approximately half the states. If there were such bureaus in all states, each acting as a central agency for collecting information from local police officers, court officials and coroners, and exchanging this information with the other bureaus, there should be much less chance for a fleeing criminal to escape identification and arrest.

Reciprocal statutes are proposed, permitting peace officers to cross state lines to pick up persons committing felonies. The officer would be required to take his prisoner before a judge, who would determine the lawfulness of the arrest before the fugitive could be returned to the state where the crime was committed.

*

Governmental Improvement Proposals for Pittsburgh.—The Efficiency and Economy Commission of Pittsburgh, Pennsylvania, organized by the Western Pennsylvania Branch of the National Economy League, has been conducting a detailed investigation into the organization and operation of the city government and has submitted various reports to the mayor and city council, which thus far have recommended consolidation of various independent bureaus in some cases, and in others the separation of functions of certain existing bureaus or departments for more logical and efficient handling. Detailed reports on various specific problems, including centralized payroll procedure and compensation and general public liability claims, have recently been issued.

*

Resettlements and Local Government.—Rural rehabilitation, resettlement projects, and subsistence homestead developments present fundamental problems both as to local government and taxation. The federal resettlement administration is well aware of the difficulties in that direction and is reported to be framing plans for transferring title to resettlement properties from the national government, which is exempt from state and local taxation, to some form of community organization, under a long-term purchase arrangement, thus making such communities subject to taxation.

A survey of a rural rehabilitation community in Georgia, known as Pine Mountain Valley, has recently been completed by the Public Administration Service. It takes up the question of the establishment of a local government for the conduct of such municipal functions as this settlement of some three hundred families requires. At present the Georgia Rural Rehabilitation Corporation is the agency in control, and the project manager is advised by a council of twelve, chosen by the settlers.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Wisconsin Old Age Pension System Altered to Conform with Federal Law.—Wisconsin's experience with old-age pensions illustrates succinctly the alterations being made in state and county administration by the entrance of the federal government into the social welfare picture. Wisconsin was third among the states to provide for some form of old-age assistance. This action was taken in 1925 by setting up an optional law empowering counties to provide old age pensions. One county began giving the aid that year. Eleven counties adopted the system, although three of these abandoned it after a short period of operation. Of these, eight are counties containing cities of some size; the remainder are predominantly rural. Under the old law, the state was to bear one-third of the cost of assistance, the counties the remainder. Up until 1931 the state actually did so, but in that year the percentage paid to the counties dropped to 26.42, and thereafter fell continuously until in 1934 the state contributed 16.33 per cent. At that time the state was appropriating only $75,000 for its share of old-age pensions.

Originally it took a two-thirds vote of the members of the county board to establish the aid. This was changed in 1929 to a simple majority.

Under the original statutory regulations, the aid was given at seventy. The recipient was required to have been a resident of Wisconsin and the county for not less than fifteen years immediately preceding application (interruptions of a total of three years being permitted), or for forty years, at least five of which were to have been spent in county and state immediately preceding the application. The customary stringent resident limitations thus remained a prominent feature of the system. Administration under the old law was conducted by the county judge with advisory regulation from the state board of control.

On April 3, 1934, a state-wide advisory referendum was taken on the question of lowering the age limit to sixty. Out of 686,644 voters, 531,915 voted in favor of such a change. It should be noted, however, that this was only an advisory action and had no immediate repercussion in the form of legislation.

According to new state legislation, the payment of old-age pensions became mandatory on all the counties on July 1, 1935. However, due to state-wide shortage of funds, only two additional counties obeyed the state statute, leaving sixty-one counties still withholding the aid.

The recent legislature passed a new social security act designed to bring the state law into line with federal requirements. Far-reaching changes were made under the pressure of desire and need for federal funds. The new law covers blind pensions and aid to dependent children, as well as old-age assistance. Old-age assistance is made mandatory on the counties, to be provided to applicants of sixty-five years of age and above, provided that applicant has resided in the state five out of nine years immediately preceding application.

County residence as a requirement is eliminated. Applications are to be made to the county judge, but appeals from his decisions are to be granted before the state agency. The counties are permitted to provide for a county pension department to administer the aid. Milwaukee county is permitted to establish a department of public welfare appointed by the county board to operate under the county civil service law.

Providing state funds for the pensions has been, naturally, a hard nut to crack. The Progressive-controlled assembly passed a bill appropriating five millions for the first biennium to be raised by a gift and estates tax. This would have required the counties to contribute but 15 per cent of the cost. The senate, controlled by a coalition of Republicans and Democrats, killed the bill out of hand. As the appropriations finally developed in the closing days of the session, $500,000 was provided for old-age pensions for the first year, and $1,000,000 for the year beginning July 1, 1936. This money is to be raised, along with other funds, by a surtax on net incomes, excepting corporations, equal to 60 per cent of the normal income tax, and by a tax on the privilege of declaring and receiving dividends, from income derived from property located and business transacted in the state, the amount being 2½ per cent of the amount of such dividends declared or paid.

Efforts are now being made to bring the system into operation by January 1. A model ordinance has been drawn providing for a pension board of three members of the county board, the county board chairman, and the county judge. The county has been allowed considerable liberty as to the social service personnel. This ordinance has been halted, at least temporarily, by an opinion of the attorney general that the Wisconsin statutes prohibit a member of the county board from holding another office created by the board. The state agency consists of a representative of the industrial commission, the state director of the budget, and a representative from the board of control.

Lee S. Greene

University of Wisconsin

*

New York—Monroe County Adopts Manager Plan.—Monroe County voters at the November election adopted Plan B under the recently enacted Buckley law providing for a county manager and a reorganization of the nonconstitutional county departments. The county thus, in advance of legislative permission for further change which will be provided as a result of state-wide adoption of the Fearon county home rule amendment, elected to take the first steps in modernizing its government.

A curious aspect of the vote was that although petitions for the submission of the plan were circulated by the Democratic county organization, the voters while accepting the plan voted the Democratic majority out of control in the board of supervisors. The result is to put the responsibility for setting up the plan in the hands of the party group which took no part in advocating the change. The Republican leaders have announced, however, that they will take their responsibility seriously, and will set up the plan in a manner satisfactory to all concerned.

The manager who will take office January 1 will serve for a four-year term. He will appoint a director of finance who will absorb the duties of the present elective treasurer, purchasing agent, and county auditor. The treasurer, however, by the terms of the Buckley law, must be allowed to serve out his term under the direction of the manager. The manager also will appoint a director of public works who will absorb in his office the duties of the present appointive superintendent of highways, superintendent of maintenance and construction, and courthouse superintendent. The present elective public welfare commissioner will serve out his term as director of the department of public welfare but under the manager's direction. In addition to his present supervision of the county home, the county hospital, and old-age security administration, he will also direct the county parks which are now in the hands of a citizen board appointed by the supervisors.

The law permits the supervisors to set up a department of health under section 20B of the public health law. If this is done it will absorb the duties of the present appointive county bacteriologist and director of sanitation and health.

While petitions for the plan were circulated by Democratic workers considerable citizen sentiment for its adoption had previously been aroused by the studies of a charter commission appointed under the Fearon county charter law and including leading Republicans as well as Democrats. Republican members of the charter commission urged adoption of the Buckley plan after it had been discovered that the charter could not be submitted at the November election because of the Fearon bill's requirement of a ninety-day interval between the enactment of the charter by the board of supervisors and its submission to the voters.

Harold W. Sanford

*

Missouri — County Planning.—Although county planning is not recognized by law, the research staff of the Missouri state planning board has encouraged and assisted in the establishment of thirty unofficial county boards during the present year (1935). In addition to personal interviews and field work, the state board prepared and furnished to county courts (i.e., Missouri county board of commissioners) a model resolution for the establishment of a planning board. Also, a model set of rules and regulations was prepared and made available to the county planning boards.

The principal work of the county boards to date has been the preparation and recommendation of WPA projects. While it is too early to pass judgment upon the effectiveness of this work, it is hoped that it may lead to the enactment of a county planning law. Incidentally, the state planning board began as an unofficial agency, but attained legal recognition this year.

Prior to 1935, Jackson and St. Louis were the only counties that had done any county planning, their work being limited primarily to highway planning. In addition to county boards, there are two regional planning groups which are interested in Kansas City and St. Louis regions respectively. The Greater Kansas City Regional Plan Association is studying six counties, three in Missouri and three in Kansas. The St. Louis Regional Plan Commission is interested in an area surrounding St. Louis having a radius of approximately thirty-five miles. About half of this territory is in Illinois and half in Missouri.

William L. Bradshaw
University of Missouri

*

Ohio—Adoption of Cuyahoga County Charter Challenged.—Although endorsed by a comfortable majority both in the city of Cleveland and in the county as a whole at the November election, the proposed charter for Cuyahoga County may be rejected on technical grounds. The county prosecutor has held that the charter was not adopted, because it assumes some municipal functions which requires the charter to receive the four-way majorities, namely: (1) in the entire county, (2) in the largest city, (3) in the county outside the largest city, (4) in a majority of the municipalities and townships in the county. The charter failed to receive the last two of the four majorities.

The municipal functions which the prosecutor holds are taken over, either concurrently or exclusively, by the county are these: public health administration; hospital construction, maintenance and operation; civil service administration; police control.

Already plans are under way to test the validity of this ruling of the county prosecutor by seeking by mandamus to compel the board of elections or the secretary of state to certify the adoption of the charter. An early decision will be sought so that candidates who may wish to seek nomination to county administrative offices at the May primary will know whether or not these offices are to be filled by election in November.

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Federal Policy Jolts Local Finance.—Virtual certainty that federal assistance in public relief is to be drastically curtailed and an increasing share of the burden thrown upon the states and municipalities seems evident with announcements from Washington as this department goes to press.

With apparent finality President Roosevelt on December 23 told capital correspondents that the national government would, after the end of the present fiscal year, assume responsibility for no more than 3,500,000 employables, and that the unemployables and any employables needing assistance in excess of 3,500,000 would have to be cared for by the localities without expectation of federal aid.

As has been noted before, this policy of returning the relief burden to the cities and the states has long been expected. Only by the strongest representations (by such organizations as the American Municipal Association and the United States Conference of Mayors) was the policy now in force secured. Genuine concern at rising federal expenditures, increasing taxpayer protests, and political considerations of varying degrees of validity have all indicated that determined pressure would be brought to curtail federal aid to the very minimum. With the presidential election looming and increased criticism of the public works program outlay, retrenchment of some sort was inevitable.

Until the new federal budget is made public, it is difficult, of course, to say what the effect of the proposed limitation of federal contributions will be. In many of the states, state and local revenues are already carrying a high proportion of the relief load. In many others, local contributions are shamefully small. Though these latter will have to substantially increase their budgets to assume the relief responsibility now discharged with federal funds, it is probably the localities which have been using as little federal aid as possible which will feel the change most keenly. The generalization seems safe, however, that few cities throughout the country will escape the effects of the new burden, and local taxpayers (i.e., property owners) will find little occasion for joy over the change in policy.

*

Depression Finances of Massachusetts Cities.— The financial experiences of Massachusetts cities except Boston during the past few years may be of interest to cities in other sections of the country. While these municipalities are located in the heart of what is commonly considered the most conservative area of the nation it must be emphasized that they represent a wide variety of social and economic conditions. Of the thirty-eight cities included in the study, six may be classed as residential in character, seventeen as chiefly industrial, and the balance as mixed residential, industrial, and commercial. Per capita valuations of taxable property in these cities range from $900 to $2,600 and populations range from 15,000 to 200,000 with the proportion of "native stock" varying from three-fourths to less than one-third. To a certain extent, therefore, these thirty-eight communities may be regarded as representing a cross-section on a reduced scale of smaller American cities.

In general, it may be stated that, taking the communities studied as a whole, the value of real property declined during 1930-34 and with it the total of municipal revenue, while total expenditures increased. Direct results of these developments were an increase in temporary borrowing and the disappearance of the current surplus formerly available for defraying part of the cost of public improvements. There was no increase in bonded debt during the period under review—on the contrary a slight decrease took place. None of the thirty-eight cities issued any scrip and only three were obliged to refund any of their temporary obligations. None defaulted on their interest or redemption payments.

Most of these cities resorted principally to salary cuts or "voluntary contributions" from their employees in an effort to balance their budgets, although economies of this type were, as a rule, offset by huge increases in welfare payments. Owing to reduced expenditures for personal service, rather than to a curtailment in type of service, there was an appreciable decline in the cost of municipal maintenance other than welfare.

Bonded debt, as stated, decreased as between 1929 and 1934; also, its character altered somewhat. The proportion of general construction loans decreased and the proportion of loans for municipal public service enterprises increased; emergency (welfare) loans, which were non-existent in 1929, amounted to about 10 per cent of the total outstanding debt at the close of 1934.

Tax delinquency increased in these cities as it did everywhere; even so, the proportion of 1933 taxes unpaid at the close of the year was apparently only about one-fifth of the corresponding proportion for 113 American cities under 300,000 population—5.8 per cent for the smaller group as against 24.6[1] per cent for the larger.

In partial explanation of the relatively moderate effect which depression conditions produced in the finances of the smaller Massachusetts cities, taken as a whole, the following may be cited as among the contributing factors:

> A generally sound financial status at the beginning of the depression;
>
> The operation of state-collected income, corporation, bank, and other taxes distributed wholly or in part to the cities and towns, thus making available to all communities in some degree the accumulated resources of the area;
>
> Long-standing supervision by state officials of certain features of local finances—especially indebtedness; in cases where communities have availed themselves of the state's credit this has included supervision of local budgets as well;
>
> A comparatively stable and experienced body of municipal employees;
>
> Habitual restraint on the part of most Massachusetts communities in regard to the expenditure of public funds.

As to the first of these factors, state reports for 1929 show an excess of current municipal revenue over current expenses for the thirty-eight smaller cities of Massachusetts of about 6 per cent of total revenue receipts; percentage indebtedness for these cities averaged 4.33 per cent of valuations and temporary loans constituted but 13 per cent of all outstanding indebtedness.

With regard to the effect of state taxes in equalizing the depression burden, it may be stated that although there was a 50 per cent decline in income and corporation tax receipts during 1929-34 nevertheless the yield of state-collected taxes as a whole showed a reduction of less than half this proportion for the period. Delinquency in respect to local property taxes was, as stated, only about one-fifth of the amount reported for American cities of corresponding size.

Supervision by state officials of municipal finances in Massachusetts does not include the approval of local budgets except where communities have borrowed on the credit of the state. However, the prestige of the state's

---

[1] See NATIONAL MUNICIPAL REVIEW, February 1934.

Division of Accounts is such that there is a continuous submission of proposed steps in local finance to the director of the division with resultant avoidance of much unwise expenditure. Furthermore, the powers which this official possesses in respect to municipal accounts, reports, and audits, together with general provisions of state law governing assessments, expenditures, and debt, combine to assure an effective check upon irregularities and extravagances.

Unfortunately no data are available to substantiate the reference to the comparative stability of municipal employment in the cities of the state; pending the compilation of such data this statement must therefore be accepted more or less on faith. This condition is, however, a notable fact and is responsible in the writer's opinion for much of the level-headedness of Massachusetts cities during the past few years.

"Habitual restraint" in spending of money for public purposes is less characteristic of the cities of Massachusetts than it is of the towns where the expenditure of every penny must receive the approval of the open town meeting. Nevertheless, the regional tradition of thrift is strong and exerts its share of influence upon most communities. The comparatively slow increase in population is also a restrictive factor, especially in regard to public works where the cost of replacements and reconstruction normally exceeds that of new projects.

Statistical data in support of the general conclusions given above are analyzed below. Unfortunately, there is some lack of uniformity as to the period covered by the data but the differences between 1933 and 1934 figures are not believed to be material for purposes of this article. It should be noted, however, that the year 1930 was for most Massachusetts cities a better year than 1929 owing to unusually large receipts from state-collected income taxes (based on transactions of the previous year) and that municipal maintenance payments were higher in 1930 than in 1929; indeed, they showed no appreciable curtailment until 1932.

Detailed comment on the data follows:

Assessed Valuation. Changes in the assessed value of taxable property in the thirty-eight cities studied ranged from a decline of 33 per cent in the case of a large industrial city to increases of 2 and 3 per cent in four cities classifiable as residential or semi-residential.

Indebtedness. The fact that there was no increase in either total or net debt for the thirty-eight cities taken as a whole bears compelling witness to the influence of state supervision over local finances exercised by the Division of Accounts under the able direction of Mr. Theodore N. Waddell. Approximately one-third of the cities studied increased their net debt during the period while the others reduced it. Variations ran from an increase of 69 per cent in the case of a large residential city with low indebtedness to a decrease of 22 per cent in three industrial cities.

Tax Rates. All cities but one—a wealthy residential community—increased their tax rates during 1931-34. The greatest increase (of $8.35 per $1000) occurred in one of the larger manufacturing cities where valuations had been drastically deflated. It may be added that the average 1935 tax rate for these thirty-eight cities is $36.34, or 4 per cent higher than for 1934, indicating the restoration in large measure of the salary and wage standards of normal years.

Cost of Maintenance. For the period 1930-33, complete figures for 1934 not being available, total decreases in *functional* costs were:

Recreation	37 Per cent
Sanitation	24 " "
Highways	23 " "
Protection	20 " "
Public Service Enterprises	17 " "
Libraries	15 " "
General Administration	14 " "
Schools	13 " "
Health	2 " "

The comparatively lenient treatment accorded to public health and education may be considered as indicative of prevailing sentiment in this section as to these services. The picture is, of course, marred by the heavy cut in recreational expense; but it must be admitted that publicly supported recreation is a comparatively recent addition to the budgets of many cities in a region where natural recreational facilities abound. Furthermore, the amounts involved were less than one-fifteenth of those applying to education.

Welfare Costs. Increases for individual cities ranged from 43 to 89 per cent. Some of the highest *proportional* increases occurred in purely residential communities—a fact which may be explained by the comparative absence of a welfare problem in these cities prior to the depression.

Local welfare burdens have to a considerable extent been lightened—or at least deferred—by recent state legislation. Thus, since 1931 a portion of the state gasoline tax has been made indirectly available to municipalities and borrowing for emergency relief purposes, without affecting the legal debt limit, has been made possible both through the acceptance of tax titles as collateral security and through the direct use of the state's credit.

The force of local tradition is shown by the fact that less than 40 per cent of the money available to the cities and towns under emergency legislation was actually loaned by the state during the first year in which it was made available. With increased pressure for borrowing from both within and without local governmental circles, however, this record has not been maintained.

Debt Ratios. In view of the preoccupation of state supervising officials with the problem of local debt control the result of their efforts as shown in the ratio of indebtedness to valuation is worth noting.

For 1929 the average ratio of net bonded debt to valuation for the communities under review was .038 while in 1934 it was .043, representing an increase of 13 per cent. In the case of 209 cities of 200,000 population and under in 1929 the ratio of net debt to valuation was .065[2] and in 1934, 204 cities of corresponding size showed a ratio of .081,[3] the indicated increase being 25 per cent. The striking differences, both in the percentages of increase and in the ratios themselves, would seem to bear ample witness to the effectiveness of state supervision in Massachusetts.

It is regrettable that no comparison is available for the ratio of debt service charges to total revenue receipts—a much more sensitive index of borrowing capacity than the traditional ratio. For the thirty-eight communities in question this ratio was .018 in 1929 and .021 in 1934—an increase of one-sixth.

Outstanding temporary (revenue) loans for the group of Massachusetts cities represented 0.195 of revenue receipts in 1929 and 0.38 of such receipts in 1934—an increase of 95 per cent for the depression period. Here again no parallel with comparable American cities can be established, although the latest published census figures (for 1932) indicate an increase in this ratio as compared to 1929 of 110 per cent (from 0.129 to 0.270) for some fifty cities with an average population of 138,000. It would appear from these data that the experience of the smaller Massachusetts cities in failing to balance their budgets differs only in degree from the experience of American cities in general during recent years; the higher ratios for the Massachusetts group are due to the fact that local property taxes in Massachusetts prior to 1935 were payable in October whereas in most other cities they are payable much earlier in the year.

THOMAS L. HINCKLEY
Cambridge, Mass.

---

[2] U. S. Census Report, 1929.

[3] NATIONAL MUNICIPAL REVIEW, June and December 1934.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Cincinnati Gets a New Sort of Council.—In most cities when a reform regime loses part of its backers for any reason, the old political regime comes back into power. It makes little difference in the result, under plurality election methods, whether the loss is to other independents who divide the vote or whether disaffected voters actually go back to the organization as the only effective alternative. That is perhaps the chief reason why reform regimes are proverbially so short-lived.

Cincinnati, after a phenomenal period of ten years during which the independent City Charter Committee has been continuously in power, this fall denied the City Charter Committee candidates a majority for the first time. An unattached independent "gained support, observers said, from the vote of those who were dissatisfied with the Charter ticket but felt the Republicans should not get control of the city government."[1] He cut heavily enough into the Charter vote to put the Republican organization total slightly above the Charter total. In other words, here was a situation in which a plurality system would have elected the organization slate with less than half the votes because the opposition was divided.

But under proportional representation no such result followed. The two parts of the opposition received their proper shares of the representation separately and the Republican organization was once more limited to the minority of the council which rightly belonged to it. The unattached independent was elected and the Republican organization and the City Charter Committee elected four each.

This fair representation of the three groups insured the continuance of the city's notable good government for another two years. The unattached independent elected was Herbert S. Bigelow, pastor of the People's Church, chairman of the state constitutional convention of 1912, defender of the "New Deal," and nationally known crusader for social justice. In his readiness to turn to municipal ownership rather than accept any compromise with private utilities, in his emphasis on the "single tax" ideals of Henry George, and in his support of Father Coughlin he presumably does not have the agreement of a majority of either of the other two groups, but when it comes to questions of efficiency in municipal public service and freedom from spoils politics, he has always been in agreement with the ideals of the City Charter Committee. In fact he was one of the original campaigners for Cincinnati's P. R.-manager charter. He is known as a man of ability and principle. His course in the council will be watched with the greatest interest.

---

[1] Eugene Segal in the Cincinnati *Post*, November 6, 1935.

A Widely Representative Personnel

Mayor Russell Wilson, leader of the Charter forces, led the poll again with the huge first-choice total of 24,750 out of 137,334 valid ballots cast—nearly twice the quota of 13,734. Mr. Bigelow was close behind with 21,445. These were the only two candidates with more than a quota of first choices.

The Charter Committee re-elected all four of its councilmen who sought re-election: Mayor Wilson, independent Republican, who is a former newspaper editor; James A. Wilson, labor leader and independent Democrat; Edward B. Imbus, the Democratic vice-mayor, a retired merchant; and Anthony B. Dunlap, Democrat, a past president of the Cincinnati Bar Association.

One of the Republican organization councilmen, Dr. Glenn Adams, was defeated. W. D. Gradison, a broker who is generally credited with a fine record in the council, and J. G. Stewart, lawyer, a critic of the Robert Taft leadership of the Republican party with which Mr. Gradison is closely allied, were re-elected. The other two places went to Nicholas Klein, an ex-Socialist labor lawyer, whose place on the Republican ticket can only be explained by the organization's desire to corral votes wherever they could be found regardless of differences in principle and whose course in council may be no joy to his more conservative running mates; and Dr. R. P. McClain, negro physician and member of the Ohio House of Representatives, who, according to the Cincinnati *Enquirer,* "was for all practical purposes campaigning on a Charter platform, with emphasis on health and recreation services."

Together the nine new councilmen form an obviously fair cross section of the city's population, as might be expected from the fact that 90 per cent of those who cast valid ballots[2] helped elect someone for whom they had voted. This percentage has held in every one of the city's six P. R. elections. This time over 70 per cent saw their very first choices elected.

Importance of the P. R. Transfers

This election gave a striking demonstration of the value of the P. R. transfers. The nine leading candidates on first choices included six Republican organization men and only two Charter candidates. This was partly because so large a part of the Charter vote was concentrated on Mayor Wilson. When the surplus ballots that he and Mr. Bigelow did not need had been transferred to the next choice of each voter concerned so as not to be wasted and when the ballots of the lowest candidates as they were dropped one at a time had also been transferred to their next choices so as not to be wasted on hopeless candidates, the Charter candidates who started tenth and eleventh were elected and the organization candidates who started seventh and eighth were defeated. This was a fair result, for at no stage in the counting did the Republican organization candidates together have the majority vote which would have entitled them to five councilmen out of nine.

Public Discussion of P. R.

The failure of the Charter Committee to elect a majority immediately started talk of a repeal of P. R. The once supreme Republican city organization has always opposed it for obvious reasons and considered this an auspicious moment to win recruits. The Cincinnati *Enquirer,* which from original opposition had been converted to the system by its results in five successive elections, expressed its first disappointment on November 7 in an editorial which said in part:

> A city which has attained world-wide fame for the excellence of its governmen has in a day of mental chaos apparently chosen for its council a strange mixture of sterling public servants and

---

[2] The number invalid or blank was 7,791 or 5.4 per cent of the total.

> blatant demagogues. . . . Inescapably, we are compelled to reconsider the structure of Cincinnati's government, to determine whether a small council or the nonpartisan ballot or proportional representation is a factor in this decay of public confidence in its trusted leaders. Proportional representation in particular must be analyzed in terms of its results. In years past, it has given us well balanced councils, truly representative of the sober common sense of the population. This year it has become the tool of selfish and misguided blocs.

But just a week later the *Enquirer* was already feeling better about it. Its editorial of November 14 contained the following:

> Regardless of its shortcomings as a practical, working legislature, one thing can be said for the new city council of Cincinnati without qualification. It is truly representative of the attitudes and opinions of the people of this city. . . .
>
> There is one bright side to the complex councilmanic picture. We have been striving for nonpartisan government in Cincinnati and for the most part we have had it. In the next two years council will be an aggregation of individuals rather than the creature of a party group. This will be the acid test of nonpartisan government. If the sober, conscientious men in the new council are willing to act consistently in the public interest without regard to party labels, we can move closer than ever to the ideal of nonpartisan government. . . . If the city continues to enjoy good government in 1936 and 1937, we shall know that nonpartisan government has become a full-fledged reality.

The Cincinnati *Post* of the same day rallied to the defense of P. R. with this reminder:

> We challenge any foe of P. R. to deny that the next city council will be vastly more representative of the people of Cincinnati than was the 1921-1925 council (elected by the old method), when 69,000 voters were represented by thirty-one councilmen and 65,000 people by only one councilman!

The City Charter Committee Stands Firm

The City Charter Committee itself reaffirmed its belief in P. R. in a public statement issued by its chairman, John J. Emery:

> The voters of Cincinnati have spoken. They have chosen their representatives for the next two years. Due to proportional representation every citizen can feel assured that his or her views and desires will have a hearing and be sponsored by a councilman. This is as it should be, if we are to have a truly representative democracy. The majority of the elected representatives will then decide the questions of policy in accordance with the majority's wishes.
>
> No group that has due respect for the views of other groups can feel aggrieved that it has not complete control of the machinery of government. If any considerable body of people of the same sentiment is forced into silence or consistently denied representation, it festers like a sore in the body politic, and may even disrupt the whole system.
>
> The election returns show that a substantial minority of the voters believe that their interests have not been properly represented in the city council either by the Republican organization or by the City Charter Committee. The representatives of that minority should be given every opportunity to participate fully in the deliberation of council. It is very probable that this minority will learn that the matters upon which this discontent is based are matters beyond the powers of a city council to correct. It is much more likely to reach this conclusion if it is represented in the deliberations of council by representatives of its own choosing.
>
> Far from this election demonstrating the unwisdom of P. R., it demonstrates its extreme fitness for the solution of the problem of democracy. Majority control with minority representation has always been the essence of true democracy, and that we shall continue to have under proportional representation.

*

Hamilton Increases Independent Majority.— Hamilton, Ohio, which held its fifth P. R. election on November 5, has reversed the usual trend of "reform" administrations. Under the old election methods such administrations usually last one term. Even in Cincinnati under P. R. the independent City Charter Committee majority has gradually dwindled as the calibre of the Republican organization ticket improved and the memory of the scandals of former days became more remote. But Hamilton under P. R. has increased the majority of the "Charter" ticket, sponsored officially by the charter commission which drew up the city's P. R.-manager charter, until it has now established what may be a world's record for contested P. R. elections.

In the first P. R. election, in 1927, it elected four out of seven, displacing an entrenched political machine by a high grade council majority with no political history whatever. In 1929 it elected five out of seven and repeated in 1931 and 1933. This fall it elected six out of seven. Since P. R. assures full representation for opposition elements, this indicates a degree of unanimity of citizens in regard to their city government which few have thought possible.

The result was not due to lack of a real contest, however. There were eighteen candidates on the ballot for council, including a full opposition slate of seven backed by one wing of the Democratic party headed by former Mayor Harry J. Koehler. This opposition ticket elected one member, not the councilman who had been representing it for the last two years but a business man elected two years ago on the Charter ticket who had recently been persuaded to desert.

The Charter Committee re-elected all four of the councilmen it had left and added two others. One of these was a former Republican councilman, Leo J. Welsh, who had been elected four times as an unattached independent under P. R. and had always coöperated with the Charter majority. The other had run well last time as an unattached independent. He was the only new member elected to the council.

Winning Tactics Under P. R.

The expanding success of the Charter group has been due in part to its wisdom in selecting candidates of high calibre one or more of whom could appeal to each of the various natural elements in the city, with the result that nearly every voter found himself wanting to help elect some part of the Charter slate and because of P. R. in a position to do so. A contributing element has been the generous attitude of the Charter group toward candidates not on its slate. Its campaign literature, after giving reasons for the support of its candidates, continues with this unusual advice:

> If, however, your favored candidate is not among them, we suggest that you vote for him as your first choice, then for all the Charter ticket candidates in the order of your preference. . . . To be sure that your vote will count, you should vote for at least twelve.

Under P. R. this has proved not only civic decency of a high order but good policy. Whenever an independent candidate was defeated, a large part of his ballots regularly showed next choices for Charter candidates.

Factors which would have helped under any system of election are the consistent support of the city's one newspaper, the *Hamilton Journal and Daily News*, and the extraordinary record of public service for which the Charter majority in council and City Manager Price, kept in office by the council, are responsible. Charter leaders are agreed, however, that without P. R. they never would have had a chance to establish such a record in the first place. The record was put before the voters in a series of exceptional advertisements and in candidates' leaflets which read in part as follows:

> In 1927 the expense—per capita—of operating our general city government was $11.07. In 1935 it is only $6.40. Accumulated savings over the eight-year period—more than one million, two hundred thousand dollars!
>
> Our bonded debt—per capita—in 1928 was $74.79. In 1935 it is only $55.25. Total reduction in bonded debt over the eight-year period—more than one million dollars!
>
> Five reductions in the electric rate have netted a saving to consumers of approximately two million dollars, while more than one million dollars, taken out of earnings, have been put into necessary new construction and equipment, and another half million dollars have been set aside as a depreciation reserve and replacement fund.
>
> The old gas debt has been paid off, and a substantial reduction in the gas rate has netted a saving to consumers of approximately $372,000.00.
>
> A new million-dollar water works and water softening plant and a new half-million-dollar city hall building have been financed and constructed at no extra cost to the taxpayer. An outright grant of 30 per cent of the cost of these plants from the federal government was made possible only because of the splendid financial condition of the city.
>
> Forty-two miles of unimproved streets have been surface treated at no cost to property owners.
>
> A modern, mobile transportation system, covering all sections of the city, at a 5-cent fare, is giving excellent service.
>
> Improved fire-fighting equipment, assuring property owners of reduced fire insurance rates, has been installed.
>
> A modern two-way radio communication system in the police department will soon be ready for service.

The Saturday after election a report of the state examiner, J. D. Breese, gave high praise to the efficiency of the city government in all its departments.

A Contrast in Election Methods

Another election held in Hamilton on November 5 furnished an instructive contrast in election methods. The Koehler faction which elected one councilman out of seven under P. R. won the municipal court election held on the plurality principle. The votes for municipal judge, as unofficially reported in the Cincinnati *Enquirer* for November 6, were as follows:

Elmer Davidson	6,378	
Horace C. Shank	3,049	
Karl Clark	2,716	
Foster Brate	2,335	
Total		14,478

Here 44 per cent won out at the expense of 56 per cent who were divided.

In the P. R. election 11,680 out of 14,007,[1] or 83 per cent, helped elect councilmen for whom they voted and 9,968, or 71 per cent, saw their very first choices elected.

The P. R. count was completed again in one day, beginning at 9.30 Wednesday morning and ending at 2 o'clock that night, with time off for meals. As on previous occasions the editor of this department assisted the Board of Elections.

*

Boulder's Tenth P. R. Election—The little university city of Boulder, Colorado, nestled picturesquely at the feet of the outpost peaks of the Rockies, has used P. R. continuously since 1917. Every second year it elects three members of its council of nine for a six-year term. This arrangement does not give nearly as inclusive representation as if the nine were elected together by P. R. each time but has resulted regularly in a high-grade personnel and whenever there was a real municipal issue has given at least one spokesman out of three to each side.

Professor Don C. Sowers of the University of Colorado, secretary-treasurer of the Colorado Municipal League, writes that in this fall's election the most prominent issue was municipal ownership of the power and light system. Four of the nine candidates ran together on a platform which called for an engineering investigation of this problem. Together they polled 38 per cent of the votes and elected one of the three successful candidates, Zell F. Mabee, assistant professor of journalism at the University of Colorado.

The first member elected was Frank W. Thurman, already serving on the council by appointment to fill a vacancy, who was believed to be supported by the private utility company but owed his vote in part to personal popularity through Chamber of Commerce, Kiwanis Club, and other social and civic activities. The third member elected was Charles R. Burger, a popular young insurance salesman belonging to a prominent family, who was also considered "safe and conservative" by the opponents of the public ownership movement.

In spite of the small number to be chosen, more than half the voters saw their first choices elected and 71 per cent helped elect someone for whom they had voted. Mr. Sowers writes that the total number of invalid ballots was very small—not far from 2 per cent. The total vote was lighter than it was two years ago, when the people turned out to defeat the third attack on the P. R. provisions of the city charter by a substantial margin.

*

The Annual P. R. Dinner.— The annual dinner and meeting of the Proportional Representation League, held as usual in connection with the Conference on Government of the National Municipal League, was by general consent the high-water mark of these gatherings to date. It was attended by about two hundred people from many states, including the governor of Rhode Island and the mayor of Cincinnati, in the Providence-Biltmore Hotel, Providence, November 25. Dr. A. R. Hatton of Northwestern University, president of the P. R. League, was in the chair.

At the brief business meeting Henry Bentley, Paul H. Douglas, A. R. Hatton, C. G. Hoag, Albert B. Maris, J. Henry Scattergood, and Thomas Raeburn White were unanimously re-elected trustees of the League for the coming year. These trustees are still officially responsible for the League's work even though it is now operated as a department of the National Municipal League.

---

[1] In addition there were 786 invalid and 91 blank, 5.3 per cent and .6 per cent respectively of the grand total of 14,884.

The chairman announced that vacancies on the League's advisory council, caused by the recent deaths of Stoughton Cooley of Los Angeles, first secretary of the League, and Miss Jane Addams of Chicago, had been filled by the trustees' appointment of Thomas H. Reed of Ann Arbor, Michigan, professor of political science at the University of Michigan and director of the Municipal Consultant Service of the National Municipal League, and Professor Don C. Sowers of Boulder, Colorado, secretary-treasurer of the Colorado Municipal League, who took a leading part in the successful defense of P. R. in Boulder a year ago.

Enlightening reports of this year's P. R. elections and adoptions were given as follows:

Cincinnati—Henry Bentley, vice-chairman and chief strategist of the Cincinnati City Charter Committee;

Wheeling—Julian G. Hearne, Jr., chairman of the Wheeling Association, which was responsible for the new charter's adoption;

Toledo—Bernard L. Gladieux, executive-secretary of the Toledo City Manager League, which had just elected a majority of Toledo's first P. R. council;

Hamilton and Cuyahoga County, Ohio—Dr. Hatton.

These reports were followed by an inspiring address by Samuel Seabury on the outlook for charter revision and proportional representation in New York City. Among other things, Judge Seabury said:

> In New York City proportional representation may mean all the difference between a sustained good government year in and year out, such as Cincinnati and some other cities have recently enjoyed, and a spasm of reform once in a generation, such as has characterized our experience in New York.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Governmental Research Association.—By letter ballot, using the Hare system of proportional representation, the GRA elected three new members to the executive committee in November. The new members of the committee who will serve until November 1937 are Howard G. Fishack of the Citizens Advisory Finance Committee of Newark, J. M. Leonard of the Detroit Bureau of Governmental Research, and Bruce Smith of the Institute of Public Administration. These three men succeed Philip Cornick, Russell Forbes, and Robert Goodrich.

The three holdover members of the committee whose terms expire in November 1936, are Carter W. Atkins, Clarence E. Ridley, and Harold A. Stone.

At the annual meeting of the National Muncipal League the new GRA executive committee met and re-elected Carter Atkins chairman, and Robert M. Paige secretary-treasurer.

The competition for the GRA certificate, awarded each year to the member completing the most noteworthy piece of research during 1935, has been closed. Sixty reports were entered in this contest. The judges are William E. Mosher of the School of Citizenship, Syracuse University; John N. Edy of the United States Bureau of the Budget; and William H. Allen of the Municipal Civil Service Commission of the City of New York. Their decisions will be announced in a few weeks.

*

Philadelphia Bureau of Municipal Research.—The following are the high lights in the work of the Philadelphia Bureau during 1935:

Adoption of Photography for Recording Deeds and Copying Wills. Early in 1935 both the recorder of deeds and the register of wills installed equipment for photographic copying in their offices and are now using it. Photographic copying in these two offices was recommended by the Bureau about eight years ago after it had made a study of methods of recording in Philadelphia and other places. This study was followed by persistent educational work and has finally borne fruit.

Sinking Fund Litigation. In 1934 the sinking fund commission appointed the Bureau's chief accountant, Mr. Robert J. Patterson, as one of two auditors to report, among other things, on the appropriation needs of the sinking funds for 1935. The auditors reported that about $7,700,000 should be appropriated. The city council, on the advice of the city controller, however, refused to make any appropriation. Thereupon the sinking fund commission went into a common pleas court to compel council to appropriate the amount recommended by the auditors. On July 1, 1935, the court decided in favor of the sinking fund commission, but city council and the city controller appealed from that decision to the supreme court of the state. The supreme court has not yet rendered its decision. In their preparation of briefs, the attorneys for the sinking fund commission relied upon the Bureau for technical assistance, not only while the case was before the lower court, but also after it appealed to the supreme court. In this case are involved a number of fundamental questions affecting the administration of the sinking funds as well as the credit of the city.

Another Sinking Fund Audit. In the summer of 1935 the sinking fund commission again turned to the Bureau for assistance in determining its appropriation needs for the following fiscal year and once more appointed Mr. Patterson as one of two auditors. The auditors reported in November that $15,400,000 were required by the sinking funds in 1936 to bring their reserves up to standard, no appropriations having been made in 1935. Although the city controller certified that only about $3,000,000 would need to be appropriated, the sinking fund commission accepted the recommendations of the auditors. City council, however, is again following the lead of the city controller and accepting his certification rather than the request of the sinking fund commission. The questions in dispute concerning the needs of the sinking funds in 1936 are largely the same as those involved in the case now before the supreme court.

City-County Consolidation. The state legislature in its 1935 regular session approved the Bureau's proposed amendment to the state constitution for the consolidation of the city and county of Philadelphia into a single municipal corporation. If this amendment is approved also by the next legislature it can be submitted to the people for ratification in 1938.

Study of Relief "Chiseling." At the request of the Philadelphia County Relief Board, the Bureau made an investigation of five hundred sample relief cases to determine what percentage of the families and individuals on the rolls of the County Relief Board were improperly receiving relief. In acknowledging the Bureau's report, the chairman of the County Relief Board's committee which sponsored the investigation said, among other things: "There was a disposition on the part of some of the reporters, when we first announced that a check-up was to be made, to suspect a whitewash. When they were told that your Bureau was to do the job they changed front. Their dealing with the report material would indicate, all else aside, that they have great respect for findings, whatever they may be, of the Bureau of Municipal Research."

Other Activities. Other activities of the Bureau during the year include study of tax delinquency in Philadelphia; work on a report on water rates; a report on procedure in the office of the county children's agent in auditing bills of child-caring agencies for children committed by the municipal court as charges on the county; study of legislation authorizing the creation of "authorities" for the financing, constructing, and managing of public improvements; study of methods of amending and revising state constitutions; drafting of a state civil service bill; and consultation services to various organizations in the city and to officials of the city government.

WILLIAM C. BEYER, Director

*

Public Administration Service.—The Consulting and Research Division has engaged in a wide variety of survey, installation, and research projects during the past six months.

With the withdrawal of William Lafferty from the relief administration of New York, the advisory work of Public Administration Service lasting nearly a year has been completed.

Arnold Miles is now making a final edit of his two-year study of public library administration.

A system of public works and purchasing records and accounting was installed in Newton, Mass., by Walter Harris, Randolph Chaffee, and C. A. Bingham.

A survey of organization and administration was directed by Gustave Moe for the Rural Electrification Administration.

A report of recommendations for the administration of the Pine Mt. Valley Community project was prepared by Joseph Pois for the Georgia relief administration.

The staff completed its work for the Federal WPA and Donald Stone resigned as chairman of the committee on procedure.

John Willmott and Joseph Pois drafted reports on finance, purchasing, and personnel for the Connecticut State Commission on the Reorganization of State Departments.

Walter Harris directed the work of designing improved accounting, auditing, plant, and equipment procedures for the TVA.

Joseph Pois is making a survey of personnel administration of Cincinnati, Hamilton County, and the Cincinnati school board, for the city-county-schools coördinating committee.

Technical assistance is being given the city of Boston in the conduct of certain work relief projects of a research type.

Public Administration Service is assisting Luther Gulick, the director of the New York State Regents Inquiry into the Character and Cost of Public Education. Messrs. Moe, Willmott, Drake, and Bingham of Public Administration Service staff are installed in Albany for a year or more. Bradford Trenham, education counselor of the California Taxpayers' Association, has secured leave of absence to assist in this undertaking.

Technical aid is being given to the Michigan Civil Service Study Commission in the framing of a state personnel program.

Four recent additions to the staff of Public Administration Service are: John F. Willmott, who has been transferred from the staff of the Municipal Finance Officers Association (Mr. Willmott has been on the staffs of the San Francisco and Kansas City, Kansas, research bureaus, research director of the Hamilton County (Tenn.) Taxpayers' League, and assistant secretary of the International City Managers' Association); Russell Drake, formerly of the Cincinnati Bureau of Governmental Research and finance director of the Hamilton County (Ohio) Welfare Department; Miss Ada Watson of the Rochester Bureau of Municipal Research and budget officer of Berkeley, California; and David L. Robinson, Jr., who was the assistant city manager of Dallas, field agent in Texas for the American Municipal Association, and more recently an executive assistant in the Federal WPA. Mr. Randolph Chaffee, Public Administration Service staff engineer, has recently resigned to accept a position in the finance division of TVA.

DONALD STONE, *Director*

*

Toledo Commission of Publicity and Efficiency.—On January 1 Toledo's new small council, city manager government was inaugurated. In order to get the new government off to a good start, an independent group of citizens has formed an unofficial organization known as the Citizens' Survey Committee. The Committee will conduct an extensive research program going into all city departments and functions so that the new city manager will have at hand a complete and exact statement of existing conditions in his various departments. The survey group is composed of some eighty or ninety business executives. From this large group a number of small sub-committees has been formed. It is the function of these sub-committees to study individual departments and particular subjects intensively and to submit written reports. Sub-committees have been formed for study of the following fields: municipal finance, accounting, cost accounting, bond refunding, law, purchasing, engineering, welfare, civil service, and safety. Each sub-committee is composed of individuals whose private businesses have brought them into touch with the problems they are to study. For example, the sub-committee on purchasing is composed of a number of purchasing agents. A large group of cost accountants has been assembled for the purpose of studying present methods, procedures, and cost records in virtually all branches of municipal service.

Dr. Lent D. Upson, director of the Detroit Bureau of Governmental Research and of the School of Public Affairs of Wayne University, has been engaged to direct this survey and correlate the numerous reports into a single, unified research study. The secretary of the Commission of Publicity and Efficiency will serve as the assistant director. It is anticipated that the complete report will be issued in January to the new councilmen and the city manager. At a later date, probably in February, the report will be given to the people. Recommendations will be kept at a minimum—they will not be made except as incidental in pointing out present conditions. Later on it is planned to follow up the initial report with more intensive research and study, making recommendations, suggesting procedures, and setting up systems.

During the past year the Commission has supervised a number of work-relief and WPA projects. Records are being brought up to date in several city departments; a central index is being prepared for the engineering department; and a comprehensive analysis of Toledo's raw milk supply is being made. The milk study is complicated by the fact that Toledo receives its milk from Michigan and Indiana as well as from Ohio, so that three sets of state statutes govern its production and distribution. The Commission is also completing a revision of the municipal code.

G. Burman Curry, *Secretary*

*

Providence Governmental Research Bureau.—In October the Research Bureau completed its third year of work. Activities during the past twelve months may be briefly summarized as follows:

A monthly news letter was established to give a wider dissemination of research bureau findings and conclusions.

A series of twenty articles bearing on governmental problems in the state and city was prepared and published in the *Providence Journal.*

A statistical bulletin giving a ten-year detailed analysis of all local revenues and expenditures was prepared.

Estimates were made of the probable yields of new or additional taxes on incomes, sales, gasoline, tobacco, etc.

In November 1934 the Bureau published a report on the Providence Tax Department. In April 1935 the Board of Tax Assessors, accompanied by a representative of the Bureau, visited Newark, Pittsburgh, Cincinnati, Detroit, and Cleveland for the purpose of examining the assessing practices followed in those cities. The Bureau is coöperating with the Tax Department in the work of revising present assessment procedures and adapting to the peculiar conditions of Providence the best practices employed in other jurisdictions.

Budget procedures of the city have been investigated and recommendations presented to city officials.

A study of municipal pensions is being brought to completion.

A survey of the taxing systems of the eleven northeastern states is in progress.

Two studies have been made during the year of welfare expenditures. The first recorded the welfare expenditures of Providence from the beginning of the depression. The second report compared welfare expenditures in Rhode Island with other states.

Robert Goodrich, executive director of the Bureau, concludes his annual report with these remarks:

"In work such as that which is performed by the Bureau there is inevitably a lag between the direct effort and results. At best improvement in government is slow, and under conditions as they have existed in the past few years it would be remarkable if anything definite and specific could be pointed to as a result of the Bureau effort since its establishment in October 1932. Yet notwithstanding this, the fact that the Providence tax rate has not been increased, that borrowing has been reduced to about one-third of its previous level, that the administrative and maintenance costs of the public school system have been cut by $200,000, that five instead of seven police stations are operating, that through a rearrangement of surpluses about $50,000 less in tax money is appropriated annually to the sinking fund than formerly, and that more than a million dollars' worth of highway improvement projects have been rejected by the city council finance committee are indications of the effectiveness of the Bureau.

"Obviously the Bureau may not say that it has accomplished all this, but in every one of these instances the fact that the Bureau either called attention to the possibilities, or advocated a particular course of action that would produce these results is a matter of record which may readily be demonstrated. Furthermore, except for the items of the continued tax rate and the curtailment in borrowing, the Bureau has been the only sustained influence at the city hall that has been concerned with these developments, and in both the tax rate and the borrowing items it seems fair to say that the Bureau has been influential in bringing others to exert an understanding influence toward these ends.

"Ground work has been laid for a great many other essential improvements in the operation of the city government. Rigid control of expenditures, equitable assessment of property for tax purposes, the reorganization of the governmental structure, centralized purchasing, and improved personnel practices are all definitely under consideration and progress along these lines seems reasonably assured."

*

Brief Notes

Institute of Public Administration.—Luther Gulick, director of the Institute, has been named director of the survey of education in New York State to be conducted by a committee of the Board of Regents of the State of New York. This comprehensive study will require two years to complete.

Hartford Municipal League.—This new organization was formed to continue the governmental research work conducted during the past two years by the Municipal Research Department of the city. The Department was abolished on December 2, with the advent of a new city administration. Rollin B. Posey, director of the Municipal Research Department, will serve as the director of the Municipal League.

Rochester Bureau of Municipal Research.—The Bureau assisted in the conduct of a two-day training school on December 12 and 13 for town officials. The school was sponsored by the Gannett newspapers.

Dayton Research Association.—A report on the trend of financial policies in the Dayton public schools has recently been completed by the Association's research director, Mr. Chalmers Miller.

Industrial, Commercial, and Agricultural Conference of Texas.—The Conference has recently published a detailed comparative study of the appropriations made for the support of state departments and agencies from 1916 to 1935. During the past four years the Conference has drafted and sponsored a series of measures designed to improve the administration of state and local governments. These measures include: a uniform budget act, a law requiring fiscal reports from all local governments, a law setting up a system of uniform accounts and accounting procedures in the counties of the state, and an amendment abolishing the fee system of compensating state and county officers.

NATIONAL MUNICIPAL REVIEW

FEBRUARY • 1936

Progress in City Management

Who Are These City Managers?

Does Good Government Stick?

Reports from Pioneer Manager Cities

New Adherents to the Manager Plan

Black Sheep

Abandonments of the Manager Plan

Cincinnati Keeps Its Lead

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.

VOLUME XXV, NO. 2 TOTAL NUMBER 236

THE NATIONAL MUNICIPAL REVIEW covers the field of government by [illegible] comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may [illegible] the REVIEW by paying five dollars a year in advance. Canadian [illegible] $5.25 in advance; foreign $5.50. Single copies of the REVIEW [illegible] cents. Checks should be made payable to the National Municipal League [illegible] East 34 Street, New York, N. Y.

Editor
HOWARD P. JONES

Assistant Editor
ELSIE S. PARKER

Editorial Council
HAROLD W. DODDS, Chairman
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

Contributing Editors
JOHN BAUER, Public Utilities
[illegible]
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, President
Carl H. Pforzheimer, Treasurer
Howard P. Jones, Secretary
George H. Hallett, Jr., Associate Secretary
Walter J. Millard, Field Secretary
Clinton Rogers Woodruff, Honorary Secretary
Miss Marguerite M. Wells, Minneapolis, First Vice President
C. A. Dykstra, Cincinnati, Second Vice President

Honorary Vice Presidents
Charles A. Beard, New Milford, Conn.
[illegible], Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
[illegible], Washington, D. C.
[illegible], Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Homer Folks, New York
[illegible], Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

Council
Richard S. Childs, New York, Chairman
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
[illegible], New York
[illegible], New York
[illegible], New York
[illegible], Providence, R. I.
[illegible], Washington, D. C.
[illegible], Seattle
[illegible], Dallas
[illegible], Pa.
[illegible], N. J.
[illegible], Grand Rapids
[illegible], Minneapolis
[illegible], St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H

Publication Office: 150 Fremont Street, Worcester, Mass.
Editorial Office: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office
at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 2
TOTAL NO. 236

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR FEBRUARY

City Manager Government, Editorial .... *Richard S. Childs* 50
Citizens' Councils Linked in National Federation, Editorial .... *Howard P. Jones* 51
Who Are These City Managers? .... *Orin F. Nolting* 54
Council Manager Cities During the Depression .... *Geneva Seybold* 60
Does Good Government Stick: Reports from Pioneer Manager Cities 67
New Adherents to the Manager Plan: How They Are Faring .... *Howard P. Jones* 72
Cincinnati Keeps Its Lead .... *Charles O. Rose* 76
Manager Government in Pennsylvania .... *Robert M. Porter* 80
Black Sheep: The Story of the Abandonments of the Manager Plan .... *Arthur W. Bromage* 85
Competent Citizenship: The Only Way to Good Government .... *P. P. Womer* 92
Progress in City Management 96
You and Your Government Program 96
Bibliography on City Management 97
News of the Month 98
Recent Books Reviewed 117

The contents of the National Municipal Review are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service*.

COPYRIGHT, FEBRUARY, 1936

Editorial Comment

◆

February

NATIONAL MUNICIPAL REVIEW

Vol. XXV, No. 2 Total No. 236

City Manager Government

"HAPPY is the land that has no history" and happy is the state of the realm of the city managers that a review of its recent years produces so little that is dramatic. For these were years to try men's souls and the widespread irritations and inflammations could as easily have wrecked the city manager movement as it has many another, but here we find business as usual.

Some twenty years ago I wrote for these columns an article entitled "How the City Manager Plan is Getting A-long"—it was the first of these reviews—and the article opened, in the informal lingo with which I have always loved to annoy solemn editors, by saying, "It's getting along very nicely, thank you!" Then followed just such a series of anecdotes of success as comprise Miss Seybold's article in this issue. There have been plenty of peppy local fights and no doubt plenty of local drama here and there as indicated in the "Black Sheep" article. But really the news is no more or less than the material we carried in the League's pamphlet, "Story of the City Manager Plan," as long ago as 1917 except for a change of names and dates!

The news is in the list of calamities that have *not* happened! To wit:

1. There is no visible wearing out of the new broom—it still sweeps clean now after the plan has lost its novelty and after a new generation has grown up with it in many cities. The stories of lowered taxes, reduced debts, lower death rates, purchasing economies have not thinned out!

2. The managers are the same type of animal as the pioneers of their fraternity of two decades ago—a deadly earnest, practical lot. And still uncorrupted and incorruptible as a matter of course. And, alas, a bit unimaginative—they do not see visions—and the improvements in municipal technique come to them still from academic outsiders to be eagerly scrutinized and accepted on their merits.

3. The charters are unchanged and unchanging. Proportional representation has been hooked on in a few cases but otherwise no news, no tendencies, no agitation for further evolving toward still newer forms! We used to say, "This is the final reform in municipal structure, so far as we can now see," and time continues to justify us. It is nice to think that reformers can call something finished and leave it alone thereafter! It is years since the League has thought it worthwhile to discuss forms of municipal government and in all the city manager towns there are no essential variations in the form to overhaul in this issue!

4. As a measure of reform the plan has not gone the way of all flesh to corruption—the politicians have not come back after a few years to engulf the new administrations after the freshness of public interest wore off, as the cynics of yesterday used to tell us they would. There are instances, of course, but they are the odd cases, the inevitable exceptions—the general sweep of clean progress is an almost uncontested fact. The burden of proof is on the obstructionist.

5. The plan is merely seasoned by defeats, by reversions, by the battles for retention, and by what business men describe as "the habit of success." It can't be hurt now by what anybody may say or by any error a manager may commit. It is safely ensconced as a feature of the American scene and there are young married people now living under it who have no recollection of any other form of government. Which must make it harder for dogmatic opponents to call it "un-American." They cannot even call it a novelty!

I may therefore venture to predict that if a city manager number of this REVIEW is projected again five years from now, it will read just like this issue—new faces, names, dates, places, but astonishingly free from drama and surprise and new tendencies! Except for spreading the plan to the other 80 per cent of our cities, the job is done!

By the job I mean the mechanistic reorganization. We have aimed at nothing else in the campaign. The difficulties of democracy in this country have been mechanistic rather than moral, and capable of a mechanistic solution. That is a staggering statement to some, but the experience of the city manager plan proves it. The people of Cincinnati were the same under Hynicka's smutty despotism as in the bright years since. In city after city a new era came with no other change than the new structure of government—and the new courage of a people emerging from a jungle ambush to an open plain more suited to mass strategy and amateur leaders. The preachers who tell corrupt cities that the people are steeped in sin are the descendants of those who used to associate sin and plagues!

Now that the mechanics are made right, the morals of the people may be improved if you like. There's room for improvement, of course, always. You attend to that—I'm busy!

RICHARD S. CHILDS

Citizens' Councils Linked in National Federation

WITH the final appointments of members of the executive board made during December, a national federation of citizens' councils, to be conducted as an integral part of National Municipal League activity and to be entitled the Citizens' Council Section of the National Municipal League, is well under way. These appointments were Herbert Hoover, Ex-President of the United States, Palo Alto; Newton D. Baker, Secretary of War under President Wilson, Cleveland; and J. W. Clise, Jr., president of the Asbestos Supply Company, Seattle.

Dr. P. P. Womer, president emeritus of Washburn College, head of the Department of Citizenship in that college and organizer of the Citizens' Council of Topeka, Kansas, was appointed by the Council of the National Municipal League to serve as chairman of the executive board which consists of nine members. Two other appointments were made by the League Council—Frank C. Moore, counsel to the Association of Towns of the State of New York, Kenmore, New York, and Robert M. Goodrich, executive director of the Providence Governmental Research Bureau, Providence, Rhode Island.

As provided in the constitution of the new section, at the National Conference on Government in November, delegates of citizens' councils appointed three executive board members as follows: Alonzo G. Grace, assistant professor of education, University of Rochester; William P. Lovett, executive secretary of the Detroit Citizens' League; and Arthur Barnhart, chairman of the Chicago United Citizens' Council. The members appointed by the League Council and the citizens' council delegates appointed jointly the remaining three members of the executive board.

The plan of federation is the culmination of the desire on the part of citizens' councils scattered throughout the country to keep more closely in touch with one another and to have some method whereby they may exchange experiences, devise plans for joint action when such is needed and assist citizen groups wishing to form similar councils. Because of the part that the National Municipal League had played in projecting and fostering the citizens' council movement, it was thought more logical and promising to associate the federation with the League than to project a new independent national organization.

The National Municipal League became interested in citizens' councils in the spring of 1932 when it joined with fifty-six other national organizations in encouraging the formation of such citizen groups and was chosen by these organizations to serve as a clearing house for the councils' activities.

The citizens' council idea was devised as a result of a conference called in the early part of that year by the President of the United States to consider the crisis in education. The pinch of the depression was causing a slashing of local governmental budgets extremely disastrous to education. Schools were being closed — children unfortunate enough to be of school age during a financial crisis were being deprived of educational opportunities which every American citizen had come to regard as his right. Not only were educational budgets being cut but also those for the maintenance of libraries, public health services, recreation and other social and cultural activities—services tremendously important to the welfare of the community. If public opinion could be mobilized, the conference believed, if public officials struggling to bridge the constantly widening gap between dwindling income and greater demands upon local government might have the help of concerned and thinking citizens, economies might be worked out which would be constructive rather than destructive in their nature and enable the preservation of the essential services of government. Thus was devised the plan of citizens' councils, made up of one or two representatives of every outstanding organization in a community, obtaining a representative group and providing a clearing house for civic activity. The council would be nonpartisan; its function would be to study the problems of local government, create informed public opinion in regard to those problems and coöperate with local officials in solving them—in brief, to develop more competent and intelligent citizen action.

A committee of the National Municipal League was formed to promote the plan and help local groups. Dr. Thomas H. Reed, chairman of the American Political Science Association's Committee on Policy, served as chairman. The vice-chairmen were Harold S. Buttenheim, editor of the *American City*; Dr. C. R. Mann, director of the American Council on Education, Washington, D. C.; and Carl H. Milam, secretary of the

American Library Association, Chicago. Other members of the executive committee were Mrs. Hugh Bradford, president of the National Conference of Parents and Teachers; Louis Brownlow, director of the Public Administration Clearing House; Lee F. Hanmer, Department of Recreation of the Russell Sage Foundation; Mrs. Charles Cary Rumsey; Mrs. F. Louis Slade and Miss Belle Sherwin, president of the National League of Women Voters. Howard P. Jones, secretary of the National Municipal League, was director and the other members of the committee were representatives of the fifty-seven national organizations interested in the program.

With the aid of the press and a nation-wide radio hook-up and publicity through the national organizations backing the movement, the plan was soon broadcast and within a comparatively short time councils were set up in communities in thirty-three states. In addition to the councils in cities and villages, county councils were formed and in Alabama and New Jersey state citizens' councils were organized. In New York a state committee was formed to relate the work of the local groups.

The local groups were autonomous. While most called themselves citizens' councils, many adopted other names—good government associations, civic associations, taxpayers' leagues or councils. Taxpayers' associations coming within the citizen council category, however, differed from the ordinary taxpayers' organization in their make-up. They were made up of representatives of organizations rather than individual taxpayers and always emphasized the viewpoint of community interest as opposed to the interest of any one group.

The value of having a small group representing a cross-section of community interest was soon demonstrated. The councils served their primary purpose of studying local governmental budgets, evaluating services, and recommending economies. Some tackled tax delinquency and other taxation problems. Some worked for new city or county charters. Many were consulted by public officials in determining which of several possible projects were most needed by the community when the city asked the federal government for PWA grants. Several brought about traffic reforms, the reorganization of the lower courts, drove nuisances from the community, and obtained local improvements. The citizen who had taken little part before in government other than going to the polls, if he did that much, through the citizens' council was given a mode of active participation.

The first months of the extension of the citizens' council program were financed by a grant from the Carnegie Foundation. After that the Committee of the National Municipal League continued to give what assistance it could through correspondence although there were no funds for sending speakers to help local groups with the preliminary stages of organization or consultants to help them with specific problems. The organization of councils continued through the plan's own momentum. A city forms a council because a successful one is functioning in a city nearby.

At the National Conference on Government held in Pittsburgh in 1934, representatives of citizens' councils passed a resolution recommending that a committee representative of citizens' councils and the National Municipal League be appointed to work out a plan for a national federation of the citizens' councils then organized and for the active promotion of similar organizations. The committee appointed in accordance with the resolution consisted of Dr. P. P. Womer, Lee F. Hanmer, Dr. R. A. Kent, President of the University of

(Continued on Page 59)

Who Are These City Managers?

"The rise of the city manager is not a political phenomenon. It is merely the manifestation in local government of the increasing technological revolution — the replacement of the amateur by the technician."

ORIN F. NOLTING *Assistant Director, International City Managers' Association*

THE city manager parks his car in the rear of the city hall a few minutes before eight o'clock. On his way to the office he is waylaid five or ten minutes in the corridors by persons seeking an interview. Arriving, he finds his secretary in the outer office and in the office adjoining is his assistant, who may also act as purchasing agent and perhaps budget officer. On his desk (in the smaller cities) the manager finds purchase orders from the previous day, which he begins to check, inquiring of his assistant as to the need or reason for certain purchases, holding up some of them for further investigation. While the manager is engaged in this work, the city clerk comes in to discuss items to be considered at the next council meeting. Before the city clerk leaves, the manager asks him to obtain information on several matters on which the manager must report to the council. This done, the manager looks over five more purchase orders, and in comes the city engineer with plans for widening and improving King Street. The manager advises him to consult with the city attorney, city planning secretary, public works director, and finance officer about various aspects of the work—condemnation proceedings, type of paving to use, possibility of making it a WPA project, prospect of federal aid funds from the state highway commission, etc. The manager marks his calendar for a meeting the next day with these department heads to discuss different aspects of the problem—all preparatory to submitting a further report to the council.

It is now about nine o'clock, and the manager looks over the morning mail, indicating to his assistant and his secretary what disposition is to be made of each matter and dictating replies to letters which require his personal attention. From the talk in the outer office the manager knows there are a number of people waiting to see him. Those who have appointments see the manager first. There are two women representing a garden club who want the city to set out trees and shrubbery in a small parkway in which the club is interested. Next, a delegation from the city market requests certain changes in hours and methods of operation. A couple complains of not receiving sufficient relief. A young man wants to get on the police force. A homeowner requests certain street improvements.

A county official inquires of the manager as to what arrangements can be made to provide certain outlying areas with fire protection. A citizen who says he was sent in by a councilman to ask about a job is firmly but politely told that councilmen have nothing whatever to do with appointments and that he must file his application with the director of personnel. All callers are courteously treated and each matter is disposed of either by calling in another official, by dictating a memo to the proper department, or by explaining why the request cannot be granted. In the meantime the business of other callers has been cared for by the secretary or by the manager's assistant.

It being early in the first month of the year, the manager talks with his assistant about certain features of the annual municipal report which is being prepared for distribution to citizens in February. Again turning to his desk, the manager finds several departmental reports indicating the progress made on the work program during the past month and accumulative reports for the year. The budget control report showing expenditures by departments, unexpended balances, and other finance data for the past year is of special concern to the manager. A brief conference is held with the chief finance officer and other department heads to discuss the new budget allotment program for the year just beginning and its relation to the work program. With a few minutes left before luncheon the manager dictates several memos to department heads on the work program and a tentative draft of a report to the council on the provision of fire defense services in outlying districts. This is sent to the fire chief for his comment and suggestions.

It is now nearly twelve o'clock and the manager hurries out the side door to keep a luncheon appointment with certain leading city, county, and state police officers to discuss the matter of coördinating police radio, establishing a training school, and reducing traffic accidents. Returning to the office about one-thirty o'clock, the manager gives his daily interview to the press, handing them several special releases prepared by different departments. He approves the copy for a small leaflet, prepared by his assistant and the finance officer, showing how the tax dollar is spent, to be sent out with tax bills. He accepts an invitation to make a radio address over a local station one night next week. He refers to the mayor an invitation to make an address of welcome at a convention. He prepares a report to the council on the police radio, training, and traffic situation and dictates the agenda for the next council meeting. Next, the manager goes down the hall to the city attorney's office to discuss with him certain provisions of the proposed bus regulation ordinance. Returning to his office, he approves the action of the police chief in dismissing from the service an officer who was drunk while on duty. At about two-thirty the manager goes out with the city engineer on an inspection trip, to go over the widening of King Street and inspect several other matters referred to the manager by the city council and which require personal inspection on the ground.

Back in the office an hour or so later, he finds several people waiting to see him. Soon it is four-thirty, and the manager approves more work orders prepared by his assistant, with whom he also discusses matters requiring attention the next day and at the same time signing letters. It is five o'clock but on one corner of his desk is a stack of municipal journals and pamphlets. He spends fifteen or twenty minutes looking through this material, marking articles here and there for the attention of various department heads. A few journals which he wants to read more carefully he takes home.

During the day the manager's secretary has saved much of his time by handling directly many of the complaints and requests, especially telephone calls, of which about forty-five were received, although half of the callers insisted on talking to the manager. The assistant also received eight persons applying for work and fifteen requisitions for supplies and materials, and filled out a questionnaire for someone desiring specific information on how council-manager government operates. In analyzing his eight-hour day, the manager finds he has spent two hours interviewing callers, one and one-half hours inspecting outside activities, one and one-half hours planning present activities and future work, another hour and a half in conferences, fifty minutes in preparing official reports, and forty minutes in handling correspondence.

This composite picture of the city manager is based on first-hand observation and on reports from several hundred managers on how they spend their time. It indicates the variety of the city manager's duties—his relation to the council, the public, and the press, directing and coördinating the work of the departments, and his responsibility for seeing the community as a whole in its relationships to private agencies within the city and to other governmental units.

The difficulty of the city manager's job varies greatly from city to city. One might suppose that a small town would be easier to manage than a large city, but opinion on this point is far from unanimous. In most small cities—say less than 15,000—the manager must of necessity assume immediate direction of many administrative functions. He sometimes holds as many as five positions, including perhaps those of finance officer, city engineer, water works superintendent, electric plant manager, and secretary of the planning commission. His problem is one of operation rather than management.

In the larger cities, however, especially those over 100,000, the duties of the manager are confined to the broader questions of administration. This is made possible by the existence of several well defined departments with heads, more or less specialists in their respective fields, working under the direction of the manager. His job is no sinecure in any town; it is nerve-racking work which requires sound thinking and direct action.

WHERE THEY COME FROM

But what sort of persons are these city managers? Where do they come from? A total of 1,490 men have held or are now holding city manager positions, since the appointment of the first manager at Staunton, Virginia, in January 1908. Of this number, 451 are now in active service (total manager cities and counties, 465). A detailed analysis of the 629 city managers who were active in the profession at some time during the three years 1931 to 1933, inclusive, shows an age distribution from 24 to 69, with an average age of 47. The age at which managers most frequently receive their first appointment is 37.

While two out of three attended college, only one graduated. It is significant that three-fourths of these managers had held governmental positions, generally a public administrative position, at some time prior to becoming city manager, and public service was the predominant occupation for 42 per cent before entering the manager profession. Moreover, 52 per cent came directly from some public position, one in five from private engineering, and one in four from the professions and business.

City managers are not tied, as every mayor is tied, to a single city. There have been 228 promotions from one city to another. Of the 101 cities and counties which have adopted the manager plan since 1929, about three-fourths of these appointed experienced out-of-town men as their first manager.

Seventy-three city managers are serving in their second, third, fourth, fifth, sixth, or seventh city. Nearly one in four of the city managers now in active service has been in the profession for ten years or more and the average length of service for all managers is slightly under six years, including all cities served. The annual turnover is about 15 per cent, but approximately one-half of the city managers who left their positions in the last two years have been appointed to federal, state, county, or city positions of an administrative nature.

So much for those who must have their statistics. It is hazardous to attempt to characterize city managers as a class, but if a generalization can be made it is this: There is an increasing tendency for cities to appoint as managers men who have had previous public administrative experience, and in recent years the number coming from occupations other than engineering is growing.

A PROFESSIONAL GROUP

City managers are achieving a definite professional status in the public service. As individuals they possess the attributes of a professional man, as indicated by the high individual responsibility of the position, by a standard of conduct motivated by a desire for service, by a willingness to share their professional knowledge, and by guarding the standards and ideals of their profession in following a code of ethics. Almost without exception city managers carry out the spirit as well as the letter of their code of ethics by refusing to participate in council elections in which politicians attempt to make them an issue. One observer, Thomas H. Reed of the University of Michigan, in 1930 said, "While city government in many cities has been receiving more unfavorable publicity than for a generation, not a single serious charge of corruption or conspicuous failure has attached itself to any city manager."

Their professional knowledge is shared with others through articles in *Public Management* and through the annual conferences of the International City Managers' Association. There is also a fairly well developed body of knowledge on public administrative techniques, based to a large extent on the practices developed by city managers in such matters as budget control, unit cost records, reporting to citizens, centralized purchasing, and so on. City managers have long shown a constructive interest in the training of young men qualified to fill their places.

In addition to a standing committee on training, their professional organization, the International City Managers' Association, has a standing committee on research, provides a limited consulting service, publishes *Public Management* and *The Municipal Year Book,* offers a series of extension courses in the field of municipal administration, and conducts an annual conference. Requirements for full membership in the association are: "Any person who is the administrative head of a municipality, appointed by its legislative body; who has served in that capacity for at least three years; and whose professional conduct conforms to the code of ethics of this association shall be eligible to membership. Graduation from a college or university of recognized standing or five years in a responsible public administrative position shall be considered equivalent to one year of active service." City managers with less than three years' service are eligible to associate membership. Membership is also open to nonmanagers under the classifications of affiliate, student, and sustaining.

While city managers have developed most of the recognized earmarks of a profession, a considerable number are parochial in their outlook and limited in their ambitions. But this is not unusual, as other professions also include men who apparently have no interest in their professional organization or aspirations to advance. The obligations of a profession are largely a matter of attitude or a state of mind known as professional spirit resulting from common adherence to an ideal which puts service above individual gain.

Leonard D. White, who has visited many city managers in their offices and has written a book about them, says that "as a class they are honest with themselves and with the community they serve; they avoid the claptrap which still distinguishes some local politicians, and play for sound municipal administration with a candor and forthrightness which is most refreshing."

WHAT THEY THINK ABOUT

A manager cannot always say what he thinks; he must use more tact and discretion than is required of the head of the largest business enterprise in the city. But the chief concern here is, what do managers talk about when they come together? Of course the best place to see and hear them is at the annual conferences of the International City Managers' Association.

Prior to the World War, the annual conferences of city managers centered largely on discussions of material things, such as methods of pavement construction and planning of public buildings. In the next stage of growth beginning about 1921, their attention was concentrated on the establishment of sound budgetary and accounting procedures, centralized purchasing, and similar problems. With the coming of the depression they applied their energies to the difficult task of further constructive reduction of municipal expenditures. In recent years city managers have entered another period of growth in which they are concerned with the problem of continuously providing essential municipal services, becoming more and more concerned with the welfare of the people, and as Louis Brownlow has pointed out, their present task is to relate materials and money more intimately to the daily life and well-being of the individual citizen.

As city managers look to the future, they see another period of growth in which greater recognition must be given to the needs for a non-political personnel in all branches of the municipal service on a career basis, trained in techniques and procedures of management. They also foresee a greater emphasis on social welfare activities.

A total of 106 city managers attended the 1935 annual conference of their Association at Knoxville. Said one outside observer: "City managers come to the conference bent on learning something; apparently, however, it is a fresh surprise to the newspaper men in each conference city." The Knoxville papers, recalling a recent convention of another group of public employees which was more like a round-up of a fraternal group, commented on the earnestness and regularity with which the managers met and the high intellectual plane of the discussions.

The chief concern of city managers was ways and means of improving the administration of municipal services. They wanted to know what other cities have done in solving various problems and what sound practice indicates should be done. For example, these city managers talked about effective methods of collecting delinquent taxes, measuring the effectiveness of departmental operations, sources of revenue that might be further developed, how to develop organizational leadership among department heads, improving traffic control to reduce accidents, and the extent to which cities should charge for special services such as garbage collection.

They were interested at Knoxville in effective methods of selling city activities to the public and the extent to which city managers should promote civic organizations for good government. Of considerable concern also were numerous personnel problems such as procedure in restoring salary and wage cuts, training employees on the job, and "welfare" activities for employees. One-half day was devoted to the problems of the city manager profession. To what extent should the manager participate in policy determination? What should be the manager's attitude when opposed by a council majority? How can a manager maintain a working relationship with the council?

While concerned mainly with the techniques of administering activities, a new interest which has developed at recent conferences is that of ways and means of coöperating with other local government units in solving problems which affect an entire area. A number of new and interesting arrangements along this line were reported. The city's part in the economic and social development of the region was a new subject which had not been discussed at any previous conference. Also, at the session on federal-state-city relations, which has been discussed at conferences since 1931, there was much concern not only about the administration of various federal programs but also as to what part cities would be expected to play after PWA and WPA ended. Those who have attended conferences for eight or ten years are impressed therefore with the gradually increased interest in the techniques of administration and also more lately with the attention given to relationships with other governmental units, as compared to the early concern with details of operation.

The rise of the city manager, therefore, is not a political phenomenon in itself. It is merely the manifestation in local government of the increasing technological revolution—the replacement of the amateur by the technician. It is coming to be recognized that there is a technique of administration, a problem of management and the coördination of the several functions and activities of local government, of integrated responsibility for the administration as a whole.

The work of government has been increasing and will continue to grow. Municipal administrators are coming to realize that an isolationist municipal policy is suicidal—that problems of an individual city are part and parcel of state and even national programs. Administration must therefore be as broad in its outlook as the problems which it undertakes to solve. This calls for technically trained, experienced administrators.

CITIZENS' COUNCILS

(Continued from Page 53)

Louisville, Carl H. Milam, and Dr. Alonzo G. Grace. During last year this committee worked out a plan of federation which was submitted to citizens' council delegates at the 1935 Conference on Government at Providence.

Councils will join the federation under a plan of group membership and there is also provision for individual supporting members. Junior citizens' councils which have been formed in a number of colleges will become members of the federation although on a different basis from the senior councils. The federation will coöperate with national organizations working in the field of adult political education.

H. P. J.

Council-Manager Cities During the Depression

Stories of skillful piloting through six stormy years

GENEVA SEYBOLD

National Municipal League

MUNICIPAL reports of the last six years relate a story of the survival of the fittest. Scores of city governments during the depression added to the increased demand for red ink, meriting no more blame than the individual who in this trying period stumbled or sank under a load too heavy. All the world, however, loves a victor and thus accounts of cities that met difficulties in their stride are the most engrossing.

Sorting the success stories into a pile, one is immediately struck by the large proportion that relate to municipalities under the council-manager form of government. Can this be mere coincidence?

Consider in the upper right hand corner of the map the little town of Auburn, Maine, whose 18,000 population might well, for a while, have believed themselves a target for the thunderbolts of Jove. Dependent upon its industries, in 1931 the city lost through liquidation its large textile plant and two of its larger factories. Next year the first strike in the shoe industry in twenty-six years resulted in closed shops and a payroll loss of more than half a million dollars. And in the year after that a fire wiped out nearly a tenth of the city's total valuation and rendered homeless more than a ninth of the entire population.

Calamities such as these put a tremendous strain upon the local government. From 1929 to 1932 the assessed valuation was reduced by more than two million dollars and was further lowered by the fire. Income from taxes was greatly reduced and hundreds were added to the relief rolls.

Enough to make any city manager's hair turn gray, but read the record. The tax rate was kept constant at $26.00 per thousand for city purposes, a rate unchanged since 1926. At the end of 1934 the city's indebtedness was $31,000 less than it had been in 1929 although in the meantime a bond issue of $187,000 had been floated to replace buildings and equipment lost in the fire. All city services were maintained with only minor restrictions while buildings, equipment, and roads were kept in good repair. Auburn maintained a balanced budget.

Nearby is the city of Bangor which put its city manager plan into operation in 1932. During each of the three years previous the administration had spent more than the budget appropriations, unable to bridge the gap between dwindling income and demands upon government increasing in alarming fashion. The new administration at the outset courageously wrote off $100,000 of uncollectible taxes and bills formerly carried as assets. Assessed valuations were lowered and the tax rate raised slightly. At the end of the year there was a $10,000 surplus in the treasury. Next year while assessed valuations were again lowered, the tax rate was reduced and there was a $28,000 surplus. In 1934 again the city's expenditures were less than the appropriations. Through policies of reorganization, consolidation, and the adoption of more efficient methods, the city's essential services were maintained and its credit built up. At the beginning of 1935 when other cities were having difficulty in borrowing money at 4.5 per cent, Bangor obtained a temporary loan of $700,000 at a rate of less than one-third of one per cent.

Binghamton, New York, industrial center, had an especially heavy relief load to carry, its expenditures for this purpose amounting to $664,000 in 1932 and $464,000 in 1933. One-third of this was financed from the budget and the remainder through short-term borrowings—three-year notes which were taken up in succeeding budgets or refunded. Yet the city was able to reduce its total indebtedness by nearly $483,000 in 1932 and 1933. In June 1934 Binghamton sold an issue of $190,000 in bonds at an interest rate of 1.75 per cent plus $40 premium.

SAVINGS PASSED TO TAXPAYERS

In the first year of the manager plan the total expenditures for municipal purposes were nearly $303,000 less than the budget appropriation allowed by the council. In the first two years of the new administration the cost of local government was reduced 19 per cent, savings which were passed on to the taxpayer through lowering the assessed valuation and reducing the tax rate. Sewers were built, roads resurfaced, streets widened, buildings erected, and playgrounds opened. A police radio system was installed in 1933 and the health and hospital program expanded.

The net debt of the city of Norfolk, Virginia, was reduced approximately four million dollars during the three years 1931-1933 inclusive. In September of last year, with a cash surplus of between $700,000 and $800,000 indicated for the year, the council and city manager planned to reduce the tax rate for 1936 twenty cents per hundred, bringing it to $26.00 per thousand, and increase salaries of city employees by 10 per cent.

CITY'S POCKETS FULL OF CASH

Tallahassee, Florida, ended the fiscal year of 1934-1935 with $390,000 in the bank and the auditor was audibly worrying lest the city react like "a man going about with his pockets full of loose cash" likely to spend more than is necessary and regret it later. This surplus remained in spite of the expenditure of thousands of dollars for a sewage disposal plant, an armory building, a baseball park, and numerous other public improvements. This city's income is greatly augmented by profits from its light, gas, and water plants.

East Cleveland, Ohio, has maintained a record beginning with 1918, the year when the council-manager plan was put into effect, of living within its income and ending each year with a balance in its general fund. Throughout the depression the city continued to meet all bills promptly, met bonds and interest when due without refunding, and paid all salaries without the issue of scrip. In the difficult years of 1929-1934 inclusive the city was able to continue all services in full and even added new ones. Taxes in 1935 were approximately one half of the amounts levied in 1930. In 1934 the city's general operating expenditures were 28 per cent less than in 1929.

Cincinnati reduced its gross bonded debt by more than ten million dollars during the years 1931-1935. During the depression years the city borrowed not a penny from the banks, issued no deficiency bonds, paid all of its current bills and at the end of 1934 had paid off all the bonds issued for relief purposes in 1932. The tax rate for 1935, including city, county, and school, was reduced $4.58 per thousand from the rate of the previous year making the total $16.86—a rate lower than that of any city of comparable size in the country. The rate for city purposes was only $8.15.

NEW SERVICES FOR CINCINNATI

In the years 1931-1935 when many communities despaired of finding funds to repair cracks in the pavement, Cincinnati was adding constantly to the number and quality of its services. A police radio system was installed, an advanced police school established, a homicide squad created, a crime laboratory set up, a medical-legal institute developed. A new and modern method of collecting and disposing garbage was inaugurated. A central purchasing department and a central inspection bureau were established. The number of playgrounds and community centers was more than doubled.

Piqua, another community in Ohio, paid all bills promptly and pointed to a balance in its bond retirement fund while other municipalities were defaulting in payments on their bonds and interest obligations. Residents of this little city who had acquired the habit of paying taxes promptly kept right on through the depression. In 1934 the percentage of collections was very nearly 97 per cent. Even in the leanest year, 1932, 93.71 per cent of the taxes were collected. One of Piqua's possessions is an $850,000 municipal electric light plant which was put into operation in 1933.

In the neighboring state of Kentucky is Lexington which adopted the manager plan in 1932. In the first year of the new administration the city reported the first cash balance it had had since 1915. The city more than met a 15 per cent decrease in revenue from 1931 to 1934 with a 16 per cent decrease in expenditures, while maintaining all important services. During these years the assessed valuation on real property decreased 5.2 per cent and the tax rate decreased 10.65 per cent from $26.20 per thousand to $23.40 per thousand. Here, too, tax delinquency has been no problem. In 1932, 97.3 per cent of the levy was collected and in 1933, 96.1 per cent. Since 1932 the city has installed a modern police radio, built and paid for a new central repair garage, serviced all city motor equipment, and taken over trash and garbage collections formerly handled by private contract.

While other communities in Cook County, Illinois, were closing schools, cutting employees' salaries drastically or not paying them, Winnetka operated on a cash basis without borrowing and loaned approximately $100,000 a year from its municipally-owned utility reserve funds to other taxing bodies. Expenditures for municipal operation in the five-year period 1919-1934 were decreased 22 per cent. One salary and wage cut was put into effect, a reduction of 8 per cent in 1932, but half of this was restored in 1934. Municipal license fees for motor vehicles were reduced about 40 per cent and free collection of garbage was instituted, making a total saving to the taxpayer of about 35 per cent below 1928-1929.

PREPAREDNESS IN KALAMAZOO

Kalamazoo, Michigan, built up cash and invested reserves of more than half a million dollars during the depression. Operating on a pay-as-you-go policy for many years the city was within $5000 of being debt free in 1932. Then, anticipating the effects of a 15-mill overall tax limitation amendment about to be added to the state constitution, the city issued five-year emergency welfare bonds to finance the rapidly mounting expenditures for relief, then a burden of local government. These were the first general obligation bonds to be issued in Kalamazoo since the institution of the commission-manager government in 1918. The courts held that home rule cities did not come under the provisions of the tax limitation amendment, thus excluding Kalamazoo, and soon the federal government began aiding municipalities in financing welfare work. Could this have been foreseen, the city might have continued its record unbroken. Taxes were reduced during the depression until in 1934 the total levy was 22 per cent less than in 1930 while services were maintained. A half-million-dollar city hall was completed in 1932 and paid for when finished.

WEIGHTED WITH RELIEF LOAD

Two Rivers, Wisconsin, an industrial community, has carried during the last six years one of the largest relief loads of any city of its size in the state. In spite of this, the tax burden was lowered from year to year. In 1932 a new bridge and a fire station were constructed with no additional bonded indebtedness incurred. In the seven years that the city has had the manager form of government, its physical aspect has changed greatly—streets have been paved, buildings erected, an athletic bowl constructed, a baseball field laid out. The city's large recreational program was maintained in its entirety. During the whole of the depression the city operated on a cash basis.

Kenosha's portion of relief costs jumped from $49,000 in 1929 to $320,000 in 1933 and with no authority to issue bonds for relief purposes the city had to provide for this out of its current cash. More than a fifth of the taxes levied during the years 1930-1933 inclusive were delinquent and the city's share of income taxes fell from $590,000 in 1930 to $62,000 in 1934. In spite of this heavy loss in anticipated revenues and great drain on the treasury for relief, the city maintained its finances on a cash basis, carried on the usual services and reduced its net debt by $357,000. The tax burden was lowered each year from 1930 on. Improvements begun ten years before in a program of city planning continued uninterruptedly, financed out of current funds.

The state of Kansas attracted much comment at the time it passed its "cash basis" law in 1933. The city of Atchison, however, under council-manager administration, had been practicing the principle of this law twelve years prior to the time it was put into effect. In the thirteen years from 1922 to 1935 the city administration did a million dollars of improvement work, at the same time reducing the bonded indebtedness by more than a million dollars and also steadily reducing the tax levy.

No general property tax levy at all in Oklahoma City! During the depression, operating on a strictly cash basis, the city continued to lower its tax rate until in 1934-1935 the city manager announced that the revenue produced by the city water department plus miscellaneous revenues would be sufficient to run the city government. The operating expense of the city government in 1934 was a million dollars less than it had been two years previously.

MORE PARKS IN OKLAHOMA CITY

The park area had been increased from 850 to 1320 acres and the city park attendance increased by nearly two million persons as supervised recreational programs were developed. The city health department maintained high standards and the city library circulation increased by more than 60,000. The city's per capita fire loss in 1933-1934 was one of the lowest in the country.

The yearly cost of operating the city government in Colorado Springs decreased 20 per cent during the years 1930-1933. The net bonded indebtedness was reduced by nearly a quarter and the property tax levy decreased 36.8 per cent. The city tax roll in 1934 was only 59 per cent of that for 1930.

NO OVERDRAFTS IN AUSTIN

Since 1926 when the manager plan was put into effect in Austin, Texas, the city has not had an overdraft, has not issued a tax anticipation warrant, or resorted to emergency borrowings from banks. Each fiscal year has ended with an increasingly larger cash balance.

A bond issue floated in 1928 to finance much needed public improvements enabled the city during the depression to continue its building program. Streets, parks, playgrounds, a new public library, fire stations and a fire drill tower were built. A municipal airport, many miles of sewers, and a municipal slaughter house were constructed. The municipal electric plant was improved at a cost of $300,000 financed from departmental earnings. The capacity of the city hospital was doubled. Free trash and garbage collection was extended to all parts of the city. Practically every city department has been expanded.

The manager government taking effect in Dallas in 1931 faced not only depression problems but inherited a large overdraft incurred by previous administrations. At the end of three years this overdraft had been reduced and refunded, taxes had been lowered, and there was a $318,000 cash surplus in the treasury.

Improvement in the fire and police departments was especially marked. Better trained personnel, regular inspection and training of citizens in fire prevention reduced the total fire loss to $1,800,000 less than in the previous three-year period. A police radio system was installed and the average time of response to calls became two and one-half minutes as contrasted to the former thirty-minute average. Garbage collection was extended to a third more of the city's area with a saving of $100,000 in the yearly cost. Flood dangers were lessened with the installation of a comprehensive drainage plan. Improvements in the municipal airport made it one of the six best fields in the country.

Five new health centers were established. Recreation facilities were increased. More than 10,000 new books were added to the public library in 1934.

Assessed valuation of real property was cut 15 per cent from 1931 to 1934 while the tax rate remained constant, amounting to a reduction in taxes of $778,000. Reduction in the electric light and power rates and water rates made possible an additional annual saving of $450,000 to consumers.

LOW TAX RATE IN BERKELEY

Another of those seeming paradoxes, a city with unusually low tax rate and exceptionally good government, is Berkeley on the Pacific Coast. To ease the tax burden the city government reduced the tax rate from $15.90 per thousand in 1931-1932 to $13.70 in 1933-1934 while the assessed valuations were reduced $11,000,000. The rate for 1934-1935 was further lowered to $13.60.

During the depression the cost of garbage collection and disposal was reduced and expenditures for street lighting lowered. The per capita fire loss of 18 cents in 1933-1934 was the lowest in the nation. The crime rate was 83 per cent lower than the average for the Pacific Coast cities. Health conditions were improved. The infant mortality rate in 1933 was two-thirds lower than the average throughout the United States and communicable diseases at their lowest in fourteen years.

In 1933-1934 the citizens of Alameda, a neighboring city on San Francisco Bay, enjoyed the lowest tax rate in seventeen years, paying $13.50 per thousand of assessed valuation while an extensive program of civic improvement was carried on. In addition to the regular redemption of $47,000 that came due, the city cancelled bonds bearing maturity dates ten to twenty years in advance amounting to nearly $37,000. The city hall was rebuilt providing new headquarters for the police and an assembly room for civic meetings. The jail was modernized, all fire houses thoroughly renovated, new patrol cars purchased for the police department, the municipal golf course improved, a concrete seawall completed.

NATION-WIDE SURVEYS STUDIED

The leap from specific example to general conclusion is always hazardous. To determine whether there was any relationship between a city's form of government and the way in which it weathered the depression, the National Municipal League a few months ago went beyond the records of individual communities and studied nation-wide surveys of governmental services.[1]

Readers of the National Municipal Review are familiar with the tables prepared annually by C. E. Rightor in which the adjusted tax rates of cities are published according to population classifications. Segregating the manager cities from the rest, it was found that in every population class the average adjusted tax rate for council-manager cities for the year 1934 was less than the average for the cities with other forms of government. After five years of depression these cities were paying less for local governmental services than their neighbors.

The next step was to determine whether this lowered tax rate was at the cost of decreased services or a reduction in their quality. An analysis of the Uniform Crime Reports for the United States, compiled by the United States Department of Justice, disclosed that at the beginning of the depression in 1930 council-manager governments were policing their cities with much smaller forces than were supported in non-manager cities. In 1930 one more employee per 4,000 population was being hired to police the non-manager cities than in cities with managers. Both types of cities cut their police forces during the depression and in practically the same proportion so that in 1933 the manager cities were still maintaining order with fewer employees and much less expense (90 per cent of the expenditures for police departments are for personnel). A comparison of the records for robbery, burglary, and auto theft as indices of crime showed no outstanding difference in the two types of cities.

A survey made by the Metropolitan Life Insurance Company in June 1934 of city health departments during the three years previous showed what services had been curtailed or eliminated, the extent of personnel losses, and gave information on reduction of salaries. Seventy-seven large cities were included in the survey embracing approximately half of the total urban population of the country. Fifteen of these were council-manager cities. Separating them from the whole it was learned that the manager cities during the depression cut their health department appropriations 7.5 per cent less than the average cut in the large cities in the country. They began restoring services earlier and throughout the depression provided health services at less per capita cost.

---

[1] See *Council-Manager Cities During the Depression,* 1935. For copies apply to National Municipal League, 309 E. 34th Street, New York City.

To determine what had happened to recreational services the annual reports made to the National Recreational Association for the years 1930 and 1933 were compared. In 1934 the federal government began contributing money for local recreational projects so that the earlier year was chosen to study the effects of contracted municipal budgets.

RECREATION EXPENDITURES COMPARED

Comparison of the expenditures for recreation of 97 council-manager cities and 479 non-manager cities in the same population range showed that in each case they had dropped approximately 50 per cent. The council-manager cities, however, throughout the period were devoting a much larger share of their budgets to recreation than the non-manager cities. The per capita expenditure in the council-manager cities in 1930 was 86 cents and this had been reduced to 43 cents in 1933. The per capita expenditure for recreation in the non-manager cities in 1930 was 51 cents and after the cut they were allowing only 26 cents per capita in 1933. The curtailment of expenditures in the council-manager cities was accomplished in such a manner that the total number of recreational facilities was reduced in only 42 per cent of the cities. More than half of the cities actually increased the number of playgrounds, community centers, athletic fields, and other recreational units during the period 1930-1933.

One other type of service was studied —library service—significant since at the beginning of the depression this was one of the first services to be curtailed. From annual reports made to the American Library Association in 1929 and 1933 by ten council-manager cities and thirty-five non-manager cities, each serving a population of from 80,000 to 600,000, it was found that the manager cities had cut library budgets 8.6 per cent less than the non-manager cities within this period. A more surprising fact was that at the end of four years of depression the manager cities were reserving more for libraries than the non-manager cities had before the depression set in.

The studies above indicated that manager cities had not achieved their lower tax rates at the expense of the social, educational, and cultural services. Since, deplorably, in cities as a whole these were the first to feel the governmental "economy" axe, it is not unfair to suppose that other services of local government were likewise maintained.

It is not a coincidence—the remarkable record of council manager cities during the depression. Good management is the keyword—good management the product of the council-manager form of government.

Does Good Government Stick? Reports From Pioneer Manager Cities

Proof of the pudding from the eaters thereof

Editor's Note.—The statements that follow have been secured from seven of the eight cities of over 10,000 population which had adopted the manager plan by the end of 1914. These cities are Staunton, Virginia, population 11,990 (1908); Sumter, South Carolina, population 11,780 (1912); Amarillo, Texas, population 43,132 (1913); Charlottesville, Virginia, population 15,245 (1913); Phoenix, Arizona, population 48,118 (1914); Glendale, California, population 62,736 (1914); and Dayton, Ohio, population 200,982 (1914). No report was received from Springfield, Ohio, population 68,743 (1914).

There has been some discussion as to whether Staunton or Sumter was actually the first city to use the manager plan. For this reason the following explanation may be in order at this point. The first municipal use of the title "manager" occurred in Staunton where, in 1908, the office of "general manager" was created and continued several years as a novel adjunct to an otherwise old-fashioned government consisting of a two-house city council and mayor. As will be seen by the statement of Mr. E. W. Opie below, Staunton later adopted a regulation manager charter by popular vote. This was not until 1920, six years after the adoption of a manager charter in Sumter.

Glendale, California, and Charlottesville, Virginia, also first used the manager plan by virtue of an ordinance of council, later adopting manager charters at the polls—Glendale in 1921 and Charlottesville in 1922. All of the cities listed are now operating under manager charters adopted by popular vote.

STAUNTON, VIRGINIA

"Does good government stick?"

It has in Staunton, Virginia, where the city manager plan was originated. It has had to go through several hot fights since the city manager idea was adopted in 1908, but each time the victory has been won by the forces of good government.

In 1920 Staunton took her city manager out of leading strings. Up to that time, he had been handicapped by a considerable limitation of authority, due to retention of the bicameral council when the city first decided to employ an executive. Meanwhile, other cities had adopted the manager plan and improved upon it, and the commonwealth of Virginia had recognized it in its code by providing several variations, any one of which a city or town could adopt by popular vote.

An election was called, and Staunton adopted the council-manager plan by a large majority. This plan replaced the unwieldy bicameral council with a body of five, elected at large instead of by wards. It fixed the manager's powers by statute instead of making him entirely the creature of the council, so that he became the real executive head of the city's business. The merit system of making appointments replaced the political method.

Those who loved the old political game and some who oppose investing the manager with strong executive authority with little check by the council other than the power to discharge him, continued opposition to the council-manager plan. They managed to force another election in 1932, but were again defeated, following which they made a fight against incorporating the plan in the city charter when it was revised by the state's general assembly in order to bring the city's organic law up to date. That fight was also won by those backing the idea of managing the city's affairs on business rather than political principles, so it appears that the Staunton public really wants the manager type of government.

E. W. Opie, Editor
Staunton *News-Leader*

SUMTER, SOUTH CAROLINA

The city of Sumter by vote of its citizens and under authority of an act of the general assembly of South Carolina, adopted in 1912 the commission form of government with a city manager. Sumter became the first city in the United States to adopt this particular form.

The commission consists of the mayor and two councilmen elected by the people for four-year terms, one of the councilmen being elected in alternate years, thus insuring at least one member of the council with two years or more experience. The salaries of the mayor and councilmen are small.

The council elects, to serve at its will, the city manager who is a full-time employee and who has charge of all the departments. The city manager has charge of the purchases of the city as well.

The work of the city is divided into a number of departments each with its head who is responsible to the manager for the operation of the department. We have the following: public works or street, trees and parks, water and sewer, police, police court, health, fire (all of the foregoing administrative); clerk and treasurer, tax collector, etc.

A budget is prepared each year and the departments operate under this budget which has to be a balanced one.

The system has worked with satisfaction in Sumter and I do not suppose many would vote for its abolishment.

I. M. Richardson, Secretary
Sumter Board of Trade

CHARLOTTESVILLE, VIRGINIA

Charlottesville had a city manager as early as 1913. This action was taken simply by a resolution of the council. The system did not apparently work so well because of the strong mayor-council system in effect. The manager was but an agent of the council. Legally, the city manager was not provided for by charter until 1922. This plan did not call for an out-and-out city manager system. To quote the charter provision, it was "a modified commission plan." All legislative, financial, and police powers were vested in the council. This council was given the duty of appointing a business manager in whose hands was vested full executive authority in the management of all ministerial affairs with the right to hire and fire all employees, "under his control." This was the joker in the pack. Many employees were and still are outside the manager's jurisdiction. Notwithstanding this condition, the results of the new system are worthy of some praise.

At the time the new plan went into effect the city was governed by a mayor-council type of government. There was a council composed of a common council and a board of aldermen. The common council had ten members and the board of aldermen four. Two members on the board of aldermen could and did often tie up the whole city government. The system was noted for its inefficiency. Politics was the order of the day and efficient and economic administration was scarcely a faint hope.

The appointment of a business manager took away the bulk of political influences that dictated appointments to some of the city offices. The actual costs of administration remained very much the same, but the amount of services which the citizens received in return for the dollar spent was greatly increased. In 1922 the city had very few paved streets; only about 40 per cent of the city had the advantage of a modern sewage system. Today practically all of the streets in the city limits are paved, and 95 per cent of the city enjoys the benefits of a modern sewage system.

The tax rate has remained fairly high. A few years ago it had reached a peak of $2.85. This has now been reduced to $1.90. Of this latter figure the school budget alone takes eighty-seven cents. As is the case in a great many cities the school board of Charlottesville enjoys a somewhat independent status and this factor alone tends to take the control of school moneys out of the hands of the representatives of the people.

In conclusion, it might be said that the present form of government has produced pleasing results. No one would suggest going back to the mayor-council type. The only suggestion that one hears at all is that the manager should be given more power than he has. In practice he has gradually been assuming more powers than the legal phrases of the charter would suggest but as long as there are administrative officials popularly elected or otherwise chosen independently of the manager there still remains room for improvement.

Raymond Uhl, Director
Bureau of Public Administration

PHOENIX, ARIZONA

Twenty-one years of city manager government in the city of Phoenix shows that the effectiveness of such management is only as great as the sincerity of the city commissioners who are in power permit or make it.

The people of Phoenix adopted the city commission-city manager plan in 1913 and it became effective in 1914. The charter provided that the manager should be the executive authority of the city and could only be removed for cause. Since that date the charter has been changed three times, in order to make the manager removable at the pleasure of the majority of the city commission or not, and in all these years and through all these changes the manager has practically never had an opportunity of actually running the city until the last eight months, during which time the majority of the city commission have been in entire accord and trying to give the city a strictly business administration.

When the citizens originally approved the manager plan the charter said, "The city manager shall be appointed by the city commission and shall hold his office until removed for cause by the commission."

The first manager chosen to fill the office believed that the charter meant just that, and immediately after his being placed in office there was disagreement between the commissioners and himself because he made it clear that he intended to use the full authority of the manager and not accept dictation from the commissioners. The result was that the commissioners removed him. The matter was taken to the Supreme Court of the state which held that, while he was properly removed, the charter provision meant what it said.

With the first battle a draw, the commissioners took the matter to the polls and in 1915 succeeded in having an amendment approved by the voters that read, "The city manager shall be appointed by the city commission and shall hold his office until removed by a vote of three-fifths of the commission voting affirmatively therefor."

From that date down to December 1933, city managers came and went just as administrations changed and the commissioners decided they needed a manager who would follow their dictation as to patronage, purchases, and whatever else they decided in the administration of city affairs.

In December 1933 several amendments to the city charter were referred to the voters by the administration then in power. These amendments were designed to perpetuate the commissioners then in office for another year and a half and to permit them to name a city manager, if they should be defeated. This manager would be blameless for any acts of the previous administration.

The charter amendments were all defeated excepting the amendment affecting the term of office of the city manager. This amendment read, "The city manager shall be appointed by the commission and shall hold his office until removed for cause by the commission."

This was the same wording as the original charter provisions upheld by the Supreme Court rulings. The administration which attempted to perpetuate itself in office by the charter amendment was swept out of office in the following city election but just before leaving office it named a new city manager.

The incoming administration, elected on a ticket promising a strictly business administration, which I had the privilege to head as mayor, found itself effectively handcuffed in putting into effect any reforms because of the city manager placed in office by the outgoing administration, who could not be removed except for cause, and though we might have considered cause existed for his removal, he could delay that removal in the courts long enough to nullify any of our efforts at straightening out the affairs of the city. It was decided the only solution to the predicament was to again refer an amendment to the people, making the city manager removable by a three-fifths vote of the city commission.

This amendment was approved and became effective on November 1, 1934.

The first manager then named by my administration proved unfortunate because of political disaffection, and it was not until May 1, 1935, when the present city commissioners, elected to back me in my policies for administration of the city, took office and we were able to place our present city manager in office and give him full authority to run the city, that the city of Phoenix has had a real opportunity to judge whether a city manager form of government can be effective or not.

I believe the city manager form of government should work. However, as far as the city of Phoenix is concerned, we must get it into workable condition and give it a real try. I hope that we will be able to do just that.

Joseph S. Jenckes
Mayor

AMARILLO, TEXAS

The city of Amarillo was truly a pioneer in the council-manager form of government in this section of the United States, being the first city in Texas to adopt this form of government and the fifth in the United States. The council-manager form of government was adopted at an election held November 18, 1913, and to my knowledge there has never been an attempt to repeal this form of government. Of course there have been at various times some amendments to our charter, but nothing that would indicate the citizenship were not satisfied with the manager form.

At the time the manager form of government was adopted Amarillo was a town of approximately 10,000 population and during the twenty-five years since that time it has grown to a city of some 50,000 population. I am the ninth city manager who has been employed by the city since the adoption of this form of government.

Amarillo's municipal development has at all times kept abreast with other forms of business development in our vicinity and I am sure as a whole the citizenship are well satisfied with the type of government we are now operating under.

H. R. Smith
City Manager

GLENDALE, CALIFORNIA

The city manager form of government has existed in Glendale, California, for approximately fifteen years.[1] The principal testimonial indicative of its success is the fact that there is no general expression of dissatisfaction with this form of government in our city, which is being conducted in a highly efficient manner, giving a maximum return in benefits to Glendale citizens for every dollar of their money expended.

Prior to the city manager form of government, the financial condition of this city was in difficult circumstances, but due to city manager supervision we have been able to build up a general reserve which has enabled us to maintain our city on a cash basis even in the face of the depression period through which we have just been passing. Of course had it not been for this reserve, it might have been necessary to have been compelled to go on a tax anticipation warrant basis which we were fortunate enough to evade.

Our city government is composed of a mayor who is chairman of the city council, and elected by the council, four other members of the council elected by the people, and a city manager elected by the city council. The city manager keeps the council advised of all needed improvements and makes his recommendations and reports direct to the city council at weekly meetings. He is also in charge of the sixteen departments which come under his supervision, and which are clearly defined in the city charter.

The success of any city manager form of government is "wise disbursements" and keeping well within the budget allotments each year.

In Glendale the city council gives the city manager its full coöperation, and in this way, everyone works in perfect harmony on all matters pertaining to the betterment of the city, and no matter how difficult are the conditions which we face, nor how burdensome is our load, the city of Glendale still continues to make progress and retain its past slogan as the "Fastest Growing City in the West."

William V. Anderson
City Manager

DAYTON, OHIO

For twenty-two years our city has operated under the manager plan, and in spite of recent financial difficulties due to the depression and consequent administrative gymnastics to cut city services to suit the cloth of city income, Dayton continues quietly and unobtrusively to furnish an example of sound government.

I do not mean to say that the majority of citizens realize how good our government is. When the income from the general property tax for the operating fund drops in four years from $1,700,000 to $600,000, and the city asks the voters for a deficiency bond issue,

(Continued on Page 79)

---

[1] Glendale's city manager charter was adopted in 1921. The office of city manager, however, was created by an ordinance of council on May 11, 1914.—Editor.

New Adherents to the Manager Plan: How They Are Faring

Hackensack and Wheeling among others report excellent results following adoption of plan.

HOWARD P. JONES

Secretary, National Municipal League

TWENTY-EIGHT cities have adopted council-manager charters during the last three years. These cities are:

1933

Baileyville, Maine
Ellsworth, Maine
Presque Isle, Maine
South Portland, Maine
Asbury Park, New Jersey
Hackensack, New Jersey
Wilson, North Carolina

1934

Washburn, Maine
Clifton, New Jersey
Schenectady, New York
Toledo, Ohio
Washington Courthouse, Ohio
Limerick, Ireland

1935

Pittsburg, California
West Hartford, Connecticut
Harrington, Delaware
Ashland, Maine
Eastport, Maine
Grayling, Michigan
Rockford, Michigan
Saginaw, Michigan
Trenton, New Jersey
Sewickley Heights, Pennsylvania
Huron, South Dakota
North Troy, Vermont
Troy, Vermont
Orange, Virginia
Wheeling, West Virginia

It is a fair assumption that when a city changes its form of government during a depression period, it is a city which is in the midst of critical financial problems. The lavish expenditures of a prosperity era and the graft and corruption, "honest" or dishonest, that usually has accompanied such expenditures, is not a general characteristic of municipal government these days. The movement to reorganize a city government today is more than likely to have its *raison d'être* in the failure of the existing regime to cope adequately with the pressing problems of the period rather than in the lining of pockets on the part of those in control. As a matter of fact, there is comparatively little of the latter type of activity going on these days—much less, indeed, than the public is inclined to think.

A politician's life is no easy one today. He must take care of "the boys" and at the same time render far more service than ever before at less cost. This is no job for a politician and the mortality rate is high. The fact that more than twice as many cities adopted the city manager plan in 1935 as compared with either 1934 or 1933 presumably may have some significance in this connection.

"But do you *really* think that a change in our form of government will solve all these problems?" This is the query that comes from city after city and perhaps it can best be answered by reference to experience. What has happened in the cities listed above? While it would be obviously impossible to examine the records of all of them within the confines of a short article, a sampling may supply some helpful information.

HACKENSACK, NEW JERSEY

Let us look first at the city of Hackensack, New Jersey.

"The city of Hackensack, which was on the verge of bankruptcy when City Manager Rich came here, is now substantially on a cash basis." J. W. Binder, executive of the Bergen County Chamber of Commerce thus crisply summarizes what business men of Hackensack think. The story behind that transformation in a two-year period runs approximately as follows:

Before the city manager plan went into effect in July 1933, the city had encountered rough financial sailing. In the spring of that year, Hackensack bonds were being offered at 58 with no takers. Taxes were high and the administration was inefficient. City officials, however, were "not political pirates in the accepted sense," according to Rossman H. Wynkoop, managing editor of the *Bergen Evening Record.* "They just didn't know what it was all about. Municipal positions were filled by political favorites without any regard to merit."

In July Wilder M. Rich, who had served as city manager in four cities—Sault Ste. Marie, Mich., Goldsboro, N. C., Alexandria, Va., and Ironwood, Mich.—was appointed to the new position in Hackensack. The first thing he did was to tackle costs of operation. Without curtailing any services whatever, he gradually brought the budget down until operations were costing approximately $100,000 less than in 1932. The next job was to solve the debt problem. When the city manager took office, there were temporary loan bonds outstanding to the amount of $2,408,000 maturing in the period from 1933 to 1938 with interest rates at 5½ and 6 per cent. The city manager developed a plan for refunding at reduced interest rates which was carried out without cost to the city except for the usual legal fees. Simultaneously, a "pay-as-you-go" policy was adopted with reference to current expenditures. Hackensack bonds are now selling on a 3.15 basis.

Evidence that the financial reorganization program of the city manager did not interfere with the satisfactory rendition of local services may be gathered from the fact that the Hackensack health department for the last two years has won first prize in its class in the national health contest.

Perhaps the most interesting comment with respect to the operation of the city manager plan in Hackensack, however, comes from C. H. Plenty, vice-president of the Hackensack Trust Company.

"Naturally conservative and through years of banking taught by experience to be cautious, I was not receptive to the proposal that the form of government in Hackensack be changed to the city manager type. Fearful of reformers and doubtful of all reform movements, I did all I could to defeat the proposed change. I felt sure a mistake had been made when the move was successful.

"I am glad to admit I was decidedly wrong and am now an ardent supporter of the policies of our present administration. The amount paid to the city manager in salary has been saved many times over, each year."

TRENTON, NEW JERSEY

A somewhat similar story comes from another New Jersey city which has been operating under the plan for only six months. Debt again is a millstone around the neck of taxpayers from which there is no escape under the most efficient administration. Paul Morton, the city manager of Trenton, inherited a debt of $25,000,000 accumulated through years of profligate financial practices.

The new administration is aiming at ultimately wiping out this debt entirely, meanwhile operating city services on a pay-as-you-go basis.

One of the first acts of the new city manager was to conduct a tax collection drive. The result was that the city obtained tax revenues in excess of expenditures by approximately $300,000, thus saving substantial sums of money through obviating the necessity of issuing tax anticipation notes at a high rate of interest.

Through the elimination of positions which were not considered essential to the efficient functioning of the government, $63,000 a year was saved; and through efficiencies all along the line substantial items of saving have been effected. Thus, for instance, simply the centralization of telephone service will save more than $3000 a year, in addition to greatly improving the service rendered. Centralization of purchasing has removed the element of discrimination in the award of contracts and also has brought about a lower unit cost for all materials.

MINOT, NORTH DAKOTA

Putting cities on a better business basis is ordinarily not packed with drama but it may hold much satisfaction for taxpayers, creditors, and employees. When J. W. Bliss became the first city manager of Minot, North Dakota, in May 1933, he found that payrolls were two months in arrears, light, power and material bills were from three to six months in arrears, and there was no available cash. Within a year the city had effected economies which enabled it to catch up completely and wind up the fiscal year June 30, 1934, with a cash surplus and all bills paid including those inherited from the previous administration. Since then the city has been on a strictly cash basis.

WHEELING, WEST VIRGINIA

In Wheeling, W. Va., the new regime this year found that water meters were not being read at all, but merely "guessed at." In former years, according to Julian G. Hearne, Jr., of the Wheeling Association, thousands of dollars were being wasted in gasoline supplied to city employees for their own use. Now the city maintains a gasoline station for cars used on official business only. Large sums of money were lost through the old system of paying invoices without checking them against actual receipt of the goods by the city. This has all been eliminated. Nothing of a revolutionary nature is reported—simply sound business methods applied to the administration of city government.

OTHER CITIES

Similar reports come from Clifton, N. J., and most of the other cities on the list. Schenectady has only had the manager plan since January 1, 1936, so there has been insufficient time to judge the result there. Election of a divided council in November, however, with the Charter League representatives in the minority, indicates the possibility of continued political interference in administration. In Toledo, on the other hand, the situation is reversed, and with the administration in the qualified hands of City Manager John N. Edy, Toledo ought to make a brilliant showing in improved government.

Any survey, however brief, of the accomplishments of manager governments cannot fail to stress that successes flow directly from having experienced and qualified men who know their business in charge. Wherever we turn, this is the case. The city manager plan succeeds or fails here.

How to ensure experienced and qualified men? The answer is of course a city council interested enough in doing a good job so it will appoint a capable manager. And how to ensure such a council? There is only one way and the experience of hundreds of cities so testifies: an organization to select candidates and campaign for them after they are selected. The foundation of good government must be citizen interest and participation.

CITIZEN ORGANIZATION

When the Wheeling Association was organized for the purpose of bringing better government to Wheeling, its leaders realized they were up against a tough proposition: defeating a political machine which had been in control for years and which had all the pressure of patronage and present possession of power. There was but one way to do it—develop an organization as thoroughgoing and vigorous for good government as the politicians had to keep themselves in office. This was done. A ward-precinct-block organization modelled after the Cincinnati City Charter Committee was built up with the result that the political machine was badly beaten and thoroughly demoralized.

If Wheeling is to retain good government for any length of time, the active organization of citizens which brought about good government in the first instance must fight to keep it in the second. There can be no lying down on the job, no sleeping sentinels. For good government makes mistakes and a liaison agency is essential to interpret what government is doing or trying to do to the public. If the mistakes are too frequent, the administration will get thrown out anyhow; the important thing is not to let the administration be condemned solely on the basis of its mistakes. A balance must be struck in the mind of the voter. He must know what is going on.

Wherever successful city government exists, will be found an alert organized citizenry. That is true in Cincinnati, it is true in Wheeling, it is true in Hackensack, it is true in Toledo, it is true in Dallas. There is no other way to make sure that representative citizens who are interested in good rather than bad government are elected to the council. There is nothing automatic about democracy. The citizen must play his part. If he does, the council can play its part, the city manager can play his part, the department heads can play theirs, and intelligent, responsive, efficient city government can result. With it all must go the realization that those interested in bad government are on the job all the time because they have everything to gain and nothing to lose. Everybody is interested in good government which is almost the same thing as saying nobody is. Some group must take the responsibility for full-time scrutiny and interpretation of government to the public.

All of which is merely saying that the city manager plan is no more automatic in its operation than is anything else that depends upon human beings. An astonishing proportion of cities that adopt the manager plan find what they were after: efficient and responsive local government. The examples given above of recent adoptions are neither exceptions nor exaggerations. On the other hand, there are a few Asbury Parks and Kansas Cities where, because the political gang controls the council, it also controls the manager and the spoils system goes merrily on. That such cities constitute but a small minority of those operating under the manager plan is the significant point.

Pope's famous couplet has probably done more to create fuzzy thinking among citizens on the subject of forms of government than any political slogan ever adopted. Men must run governments but to do so men must be organ-

(Continued on Page 79)

Cincinnati Keeps Its Lead

"Best governed large city in America" records new achievements: story told by official who saw city "before and after"

CHARLES O. ROSE *Former Councilman, Cincinnati, Ohio*

I HAVE been a member of the city council of Cincinnati continuously from January 1, 1916, to January 1, 1936, when I retired. I was the only member of the old large council to be elected to the new council and am therefore in a unique position to contrast the records of the two decades.

At January 1, 1916, the form of city government was the elective-mayor-large-council type. Council consisted of one member from each of twenty-six wards and six elected at large, total thirty-two. At January 1, 1926, an amended charter became effective, providing for a council of nine members, all elected at large every two years on a rotating birdless ballot, with the proportional representation system of counting the votes. Council *chooses* one of its members to be mayor, one to be vice-mayor, and *appoints* a city manager who is the chief executive and administrative officer.

During the last ten years a majority of the councilmen have been elected with the endorsement of the City Charter Committee, a nonpartisan and strictly municipal group. The minority have been elected with the endorsement of the Republican party. At the election last November, four Charter candidates, four Republican candidates, and one independent candidate were elected. Of the four Charter members, all are strictly Charter candidates, although one is an outstanding national labor leader. Of the four Republican members, two are strictly Republican candidates, one colored man, a class representative, and one labor representative whose Republicanism is somewhat nominal. The independent has always been a Charter supporter and seems to have been elected by Charter votes re-enforced by a group interested in an issue which has nothing to do with municipal government.

A comparison of the personnel of the old with the new council is all in favor of the new council. In the old council, with thirty-one Republicans and one Democrat, the latter did not distinguish himself as a critic of the majority. The personnel of the majority was drawn to an undue degree from the saloonkeeper class, and except as to a few suburban wards, the councilmen were selected mostly for their lack of ability to perform their duties. Naturally the Republican Executive Committee, headed by the "Boss," gave out the instructions and party discipline did the rest; discipline including a possible renomination. Committees hardly functioned.

IMPROVED COUNCILS

It is certainly true that the quality of councilmen in the new council has been improved, in fact many outstanding men have been elected. For ten years there has been no outside interference and committees have taken hold of all the intricate problems of city government and considered and solved them with the highest degree of intelligence.

The old council had little to say about its most important function, finances. The management was so poor that the public withheld financial support, making a bad situation worse; budgets were balanced with deficiency bonds; the city had a rundown, shabby appearance. The new council has always lived within income, even though this required drastic economies, meanwhile it has paid off the old deficiency bonds and reduced the net outstanding debt. At the same time, notable improvements have been made and public service has been bettered all down the line. No longer are there holes in the streets. Plaster and paint have been used generously to restore public buildings.

Formerly, the city hall was a haven for ward and precinct bolivars. The merit system was circumvented. Employees "contributed" a percentage of salary to the campaign fund. Good work at the polls was rewarded with a soft snap at good pay: the atmosphere seemed to say, "Never mind about public service—it is more important to serve the party." All this has vanished. The merit system is strictly enforced; contributions and political work are prohibited; all jobs are standardized and pay equalized; vacations and sick leave have made appearance; a contributary retirement system has been established; the morale of the city hall has immeasureably improved and is paying large dividends to the citizens through the initiative, interest, and loyalty of the employees. For several years no "provisional appointments"—usually a ruse for evading the merit system—have been made.

ADMINISTRATION

Let us consider the executive and administrative departments, headed by a city manager. The Cincinnati charter provides that councilmen shall not interfere with the city manager in the performance of his duties. First, then, let it be said that this injunction has been obeyed almost perfectly. Now and then a councilman has found himself under pressure and has mildly intruded, but practically the city manager has had adequate support and therefore has been free from councilmanic pressure, hence his appointments are made without embarrassment.

One of the outstanding advantages of a city manager is that he can coördinate the work of the several departments and eliminate petty jealousy. The Cincinnati charter presumes to center all administration in the city manager, but incongruously retains several historical independent boards, whose members however have fully coöperated.

PUBLIC UTILITIES

One of the most important accomplishments of the charter government during the past two years has been the reduction in electric and gas rates. After negotiations for six months with the public utility company supplying the city with electric power, an agreement much to the advantage of the consumer was reached in July 1934. This agreement established a reduction in rates of two million dollars for the first year it went into effect (August 1934-August 1935), with a gradual increase in the reduction each year until in the fourth year consumers will save $2,500,000. In addition to this reduction in rates a refund was given electric light consumers for approximately nine months on a basis of two million dollars a year. This refund has now been paid to thousands of consumers.

In order to show what the reduction in the cost of electricity will mean to Cincinnatians, a comparison of the cost of 80 kw.h. for a six-room house was made about the time the agreement was announced. Thirty-three cities of a hundred thousand and over had electric rates lower than Cincinnati under its old rate. Under the agreement, however, Cincinnati's electric rates have now been reduced to such a point that for the year beginning August 1937 but one city will have lower rates.

During the early part of last year the problem of gas rates was tackled by the city manager and the city's public utility department. Settlement was finally reached which gave a refund of $2,000,000 to consumers with a saving in rates of $1,500,000 during the three-year period of the contract. According to the January 1, 1936, report of City Manager Dykstra, "Under the old rate 74.5 per cent of the residence bills in the city averaged seventy-five cents a thousand or more, while under the new rate only 19 per cent of the total annual monthly bills will reach that average."

The lower costs of gas and electricity may be one reason for a one hundred per cent increase in building construction last year over 1934. Cincinnati is seventeenth in size, but now tenth in value of building construction.

FINANCES

Cincinnati entered 1936 with balances in every fund. Despite the fact that the city is coöperating freely with the federal government in spending bond money for public improvements, the year 1935 witnessed a reduction in the city's total outstanding bonded debt of three million dollars. Between January 1, 1931, and January 1, 1936, the gross general bonded debt has been reduced from one hundred million to eighty-six and a half million—a reduction of over thirteen million dollars. During the same five-year period the special assessment debt of $5,425,827 has been reduced to $4,296,687. The past year witnessed a reduction in this debt of nearly $900,000.

One important thing in Cincinnati is the improvement in purchasing methods. When it is considered that about 25 per cent of the total budget is spent for goods through the purchasing agent, it is clear that loose methods would cost a lot of money. The old system at times favored "friends of the house," provided improper or inadequate specifications, lacked standards, inspections and tests. No thought was given to seasonal buying. During the last ten years all of these failures have been corrected and a revolving fund known as "stores account" has been provided so that savings can be made by quantity and seasonal purchases in the most favorable markets.

FIRE AND POLICE DEPARTMENTS

It is not possible in a short article to review all city departments, but as typical examples of efficient administration, let me cite two instances. First, the fire loss in Cincinnati has been decreasing steadily and in 1935 reached an unprecedented low. This is due both to organized prevention work as well as to a well organized force of fire fighters. Second, our police department, while probably undermanned, has made a great record, especially with regard to major offenses and rackets. There are no rackets so far as I am aware in Cincinnati. There is nothing so extravagant both in money and in moral values as rackets. Well, these are out because there is no dishonest spot where they can incubate.

There is one thing in Cincinnati which has not improved, but seems to be getting worse, and that is traffic accidents. This may or may not be a criticism of the city administration. It is pertinent to say that the city charter does not include the municipal court, which is organized under state law, and not subject to control by either council or the city manager. Until something is done about the method of selecting judges there is little hope for reasonable reduction of traffic offenses and traffic accidents.

CITY MANAGERS

Cincinnati has been fortunate in its city managers. While C. O. Sherrill, the first manager, and C. A. Dykstra, the present manager, are quite different in style, they are both men of complete public devotion, of the highest character, and each brought to the job education, experience, and intelligence. The selection of such capable and outstanding men reflects the general desire of the councilmen to perform their full duty with respect to this most important function—municipal government.

DOES GOOD GOVERNMENT STICK?

(Continued from Page 71)

the cry goes up in all quarters that "those fellows in the city hall are grafters." When, as a result of the defeat of a proposed bond issue, three firehouses are immediately closed and further street lights are turned out, the newspapers are filled with letters to the editor accusing the city manager and the finance director of "punishing" the voters for not voting the bond issue. Supposedly responsible groups of property owners and business men either damn the city government with faint praise or openly accuse it of lacking sound budget procedure. These are the same groups which have forced a 40 per cent decrease in property valuation and led the successful campaign to place a tax limit in the constitution of the state and then to reduce that limit from fifteen mills to ten mills.

So between the millstones of ignorance and prejudice on one hand and irresponsible self-interest on the other, the city government grapples daily with the problem of protecting the lives and property of its citizens with shamefully inadequate income. Adequate salaries for city officials could hardly recompense them for the difficulties they suffer in performing their duties against a background of ignorance and indifference. And when salaries have been cut below the point which a self-respecting city should tolerate, the selflessness and gallantry of the city administration is almost incomprehensible. Unless some technique of constant, simple, public education can be found, I do not see how any good city government can hope to survive indefinitely.

Minnie J. Stanley, President
Ohio League of Women Voters

NEW ADHERENTS TO THE MANAGER PLAN

(Continued from Page 75)

ized and it is possible to develop organization which will encourage capable men and give them an opportunity. In private business, capable men can build their own organizations. In government there are more rules—the rules should be so designed that they help the able man as well as check the crook. To the ample evidence already existing that the city manager plan does this more effectively than any other form, the new recruits in the ranks are apparently adding credible testimony.

Manager Government in Pennsylvania

Borough manager government by ordinance works well, but the Keystone State should make provision for adoption of plan in all municipalities by popular vote

ROBERT M. PORTER
Ashburnham School, Massachusetts

MANAGER administration in Pennsylvania might well be termed "borough-manager" government, since there are now nineteen[1] boroughs with managers of the twenty municipalities maintaining that type of local control. The increase has been slow and irregular, but the trend has always been toward a growth in the number of communities with a manager, since there are four times as many localities operating under this official as there were in 1920. The population of these managerial towns has increased since the same date 50 per cent. These people have obtained more improvements from their tax dollar than those living in nonmanagerial municipalities; and, despite the general rapid rise of tax rates, in the Pennsylvania boroughs and township with a manager the tax increase has been limited to less than one mill since 1920.

The borough of Edgeworth was the first municipality of the state to adopt the managerial plan. From the incorporation of the borough in 1904 until 1914 it operated under the usual councilmanic committee system. Since the residents of this borough were largely employed in Pittsburgh during the daytime, they were not aware of the needs of the municipality. Proper cooperation of council and committees was hard to obtain, committees worked independently, there was delay in obtaining action, and as a result of these inadequacies there arose friction between the citizens and borough officials.

The Edgeworth council discussed the difficulty and came to the conclusion that the only effective remedy would be to provide some central authority to direct the affairs of the borough. To gain this end the office of borough manager was created. The manager was to perform all the administrative work of the borough and the council would determine the general principles and policies, while councilmanic committees would exist in an advisory capacity.

In Edgeworth the borough manager system worked well and during the ensuing years it spread to other communities. In 1917 Pennsylvania passed legislation enabling boroughs to adopt the manager plan by ordinance after which the spread of the system was more rapid. The following table will indicate this growth. Those communities in capital letters are still operating under the managerial form of government.

Municipality	Adoption	Dropped
EDGEWORTH	1914	
Grove City	1914	
Philipsburg	1918	1918
SEWICKLEY	1918	

---

[1] Since this article was prepared one more municipality in Pennsylvania, Sewickley Heights, has adopted the manager plan by ordinance.

TOWANDA	1918	
AMBRIDGE	1918	
Coraopolis	1920	1925
CARLISLE	1921	
OSBORNE	1921	
LANSDOWNE	1922	
BLAIRSVILLE	1922	
Dormont	1922	1928
WAYNESBORO	1922	
Clifton Heights	1923	1924
Springdale	1923	1930
MILTON	1924	
ASPINWALL	1925	
Conshohocken	1926	1931
WEST READING	1926	
AVALON	1927	
HANOVER	1927	
ELLWOOD CITY	1927	
MOUNT LEBANON (Township)	1928	
Jeannette	1929	
PHOENIXVILLE	1930	
ASHLAND	1930	
EDGEWOOD	1931	
NORTHAMPTON	1932	
Jersey Shore		

ACCOMPLISHMENTS

The localities that have employed the borough manager plan have enjoyed certain benefits which more than justify the adoption of this system. The outstanding benefit is that the tax dollar of the citizen has been expended more wisely, and more has been accomplished with this dollar.

The most striking examples of a lower cost of construction under the direction of a borough manager are to be found in Carlisle. The first piece of work done by the manager was the construction of a sewer. The low bid of $5,986 was rejected and the borough manager constructed the sewer with borough labor for $2,478. The next important piece of work was the construction of a street. Under the direction of the manager the work was done at a cost of $8,000 while, based on the cost of other streets in the borough, the cost under private construction would have been $12,573. At the end of his first nine months the manager estimated that he had saved Carlisle a total of $16,405.75. Substantial savings as a result of borough labor on construction work are also reported in other municipalities.

It must not be thought, however, that the only saving the manager has brought to his municipality has been a reduction in construction costs. Other means of lowering the operating costs of the various localities have been discovered. The centralization of authority has resulted in the unification of the various departments of the borough government which facilitated the introduction of centralized purchasing and modern methods of bookkeeping. In many municipalities the operation of municipal water or electric plants was made more efficient.

The purchase of the Waynesboro water plant was one of the determining factors in the adoption of a manager. In Carlisle, the water plant was purchased during the managerial regime. All of the nine manager boroughs which operate municipally-owned water systems or electric plants, or both, report a surplus from their operation. For example, Borough Manager Harry C. Lea estimated that the taxes of Aspinwall, which in 1930 reported a surplus of $32,192 from the operation of both water and electric systems, would be raised 100 per cent if the borough were not operating these utilities.

The experience of Blairsville illustrates how the financial condition of a borough can be improved by managerial control. Under this system the floating debt was removed and in 1931 the borough had a surplus of $123,225. From 1922, when the manager plan was adopted, until 1934 the tax rate in this borough has not gone on a stratosphere flight. The tax rate for 1934 was set at seven mills for the twelfth year. During these twelve years, the local rate for schools has increased from seven mills to sixteen mills and the county millage rate has increased from one mill to twelve mills. The manager borough thus seems to be more efficiently governed and administered, especially when we realize that the physical condition of the borough has been improved steadily during the administration of the borough manager.

The citizens of Edgewood are also rejoicing because they adopted manager control. In the face of declining tax collections, the borough millage rate has been reduced two mills; yet, the financial standing of the borough has been improved. There is now a twelve-mill tax rate and no floating debt while previous to the adoption of the manager plan the borough had a fourteen-mill tax rate and a floating debt of $75,000. Edgewood's present cost of operating and maintaining the service departments is only 49 per cent of the 1928 cost but the same service is being rendered.

COMMENDATIONS

Good government is not to be measured merely in terms of pecuniary savings, but such financial improvement is meritorious when a higher standard of efficiency is maintained. Whether or not this latter has been accomplished may best be judged by the reactions of citizens of the community to the manager government as compared to the former system. For the purpose of gaining this information newspaper editors of municipalities with managers were requested to give their reaction to that type of government. Statements from the replies follow.

From Ambridge comes the word that "the present manager has the town in the best financial shape in its history. We believe that for a borough the size of Ambridge or larger the borough manager form of government is the most economical and efficient."

Mr. M. R. Shale, publisher of *The Blairsville Dispatch,* says, "We have a most satisfactory form of manager government and have no thought of returning to the conventional type of borough government."

The editor of *The Evening Sentinel* reports that, "The borough manager plan in Carlisle has been a success."

The citizens of Edgeworth after twenty-two years of manager control remain strong advocates of this form of local administration and feel that the manager has been responsible for better and more prompt service in all branches of borough administration.

Mr. Floyd Chalfont, editor of *The Record Herald,* is glad to give his favorable reaction to the manager plan as it has operated in Waynesboro. "Unquestionably the borough manager plan is working well in Waynesboro, where it has been in operation for many years. It works for economy and efficiency."

THE BOROUGH MANAGER

This unanimity of opinion in favor of the various managerial regimes is a fine recommendation for the Pennsylvania managers who have given municipal affairs the same degree of attention and consideration that the business executive would give to his firm. As a result, with the proper coöperation from council, the borough manager has been able to perform a creditable piece of work. Much of this, of course, has been a result of the men in control. As the borough manager of Waynesboro, A. Stover Fitz, writes: "You will realize that no system of government in itself can accomplish any results unless those who are in charge of it are honest and conscientious. The borough manager system of government is no miracle worker and it cannot do the impossible; but if properly handled and supported, it is unquestionably the most economical way of administering municipal affairs."

Since the preceding discussion has been so favorable, one would infer that men of a high degree of ability and training have acted as either township or borough managers. To infer such would be to arrive at the truth of the matter.

Since Mr. H. F. Burkholder serves both as full time borough manager of Edgeworth and part time manager at Osborne, there are only nineteen managers in Pennsylvania. Eleven of these men have attended colleges or universities and three more have had training beyond the high school level. Fifteen of the managers either graduated from a college engineering curriculum or followed that profession. Of the college graduates nearly all were civil engineers. One manager was a factory executive and two were school teachers before entering the managerial profession.

The relationship between the manager and the ordinance is an integral part of the managerial system since all borough or township managers in Pennsylvania hold their office as the result of a councilmanic ordinance. All of these ordinances, moreover, provide that the manager may be removed or the plan abolished by a majority vote of council. It is evident, therefore, that the growth and continuance of manager government depends on the favorable action of the councils in those political subdivisions enabled by state law to adopt this plan of government.

Those councils which have passed manager ordinances usually direct that the manager shall carry out his duties subject to, or under the direction of, council. This is usually a precautionary measure and in actual practice the managers perform their administrative duties independently and then make monthly or annual reports to the legislative body.

Certain qualifications that the manager must fulfill are set forth by several of the ordinances. Of the thirteen that do make qualifications, twelve state that the manager shall be a male. In Carlisle, Ellwood City, Hanover, Northampton, Phoenixville, and West Reading the manager must be a citizen of the United States. None of the ordinances require the manager to be a resident of the municipality when he is appointed. Residency during his term of office is required in Carlisle, Ellwood City, Hanover, Northampton, and Phoenixville. The results of the present selection have indicated that a non-resident stands a better chance of being appointed as a manager.

Blairsville, Hanover, Northampton, and Phoenixville have included in their ordinances a provision to the effect that the manager shall be "a man with such training and experience as to enable him to perform the duties in a successful and business-like manner." All the municipalities require that the manager post a bond to guarantee the faithful performance of his duties which are then set forth by the ordinance either in general terms or in detail.

ABANDONMENTS

An investigation of the causes which terminated manager control in nine cases has not been detrimental to the future success of the managerial system which has survived a trial and error process in many Pennsylvania boroughs. Mr. D. C. Wagner states the basic weakness when he says, "The plan in Pennsylvania which permits managers to be installed by ordinance only, instead of charter, is very weak in that the plan can be dropped by a political majority in council, even if it meets general public approval."

This fact is graphically portrayed in the case of Conshohocken as is evidenced by portions of an editorial from the *Conshohocken Recorder*.

"In 1926 town council was convinced that the business of the borough could not be done under the old committee system. Responsibility for mistakes was easily evaded; construction work was planned and supervised by men with no technical training in the work they were called upon to plan and do; official records of the borough were not kept intact. Many of the records were in the hands of the various engineers employed and in possession of members and former members of council."

Mr. H. D. Herbert was selected as borough manager of Conshohocken. "Town Council and the manager worked in the closest harmony until this year (1931) when opposition developed. Improvements . . . suggested by him were rejected by council and used as propaganda against the manager.

"Five years under the manager system have been profitable to the taxpayers. The improvements made, the new equipment obtained and the additional revenue raised by the initiative of the manager and the county aid secured through his efforts combined with the savings made from work done—the improvements are still in use—have more than equaled the cost of the manager system. The records prove it."

But the political opposition obtained a majority control in council and the managerial system was then discontinued.

In Jeannette the manager system was adopted after the *Jeannette News-Dispatch* had suggested for years that the change was preferable to the old plan of eighteen councilmen under which inefficiency and buck-passing were in evidence. Finally, the council made a gesture and hired Hale A. Guss as borough manager but gave him little or no authority, and with eighteen bosses to supervise him he did the best he could. Once he found he was a creature of council he accepted a position in Northampton and with his resignation the managerial plan came to an end.

The Grove City situation is explained by Mr. Floyd McClymonds, editor of the *Grove City Reporter-Herald*.

"In conversation with councilmen who were in office during the two years when the straight manager plan was in operation here, they report dissatisfaction with the plan itself and with the official they hired. It was the sentiment in Grove City that authority should be vested in a council elected by the people and responsible to them. Perhaps, had Grove City been more fortunate in the man to whom the managerial authority was delegated, our experience might have been more satisfactory."

On December 12, 1922, the council of Springdale adopted the managerial type of government. The first manager who unsuccessfully held his position for a few months was succeeded by a bookkeeper who held the office in title only. After this transition period, Mr. John F. Pierce assumed the duties on February 1, 1926, and continued his work in Springdale until December, 1929, when he resigned to go to Cuba as a consulting engineer. During his term of office he reorganized the borough finances, reduced the cost of garbage collection and the water rates, and made many improvements in the physical condition of the borough. For two months after Mr. Pierce's resignation there was a temporary manager appointed. Upon a change in the membership of council, however, the manager ordinance was repealed.

According to Ernest H. Barlow, bor-

(Continued on Page 116)

Black Sheep: The Story of the Abandonments of the Manager Plan

Fifty-five referenda over a five-year period result in but seven abandonments of manager plan government

ARTHUR W. BROMAGE

University of Michigan

In the five years from 1931 to 1935 inclusive only five cities, one town, and one village abandoned the manager plan of government by vote of the people.[1] When one considers the turmoil of the times, this is a remarkable record. The year 1932 was a high-water mark for throwing those in power out of office, but the manager plan rode out of the storm. Here is the chronological record of abandonments: 1931: Cleveland, Ohio, and Brattleboro, Vermont; 1932: Lima, Ohio, and Windsor (village), Vermont; 1933: Sulphur, Oklahoma; 1934: Fall River, Massachusetts, and St. Albans, Vermont; 1935: none. On the other side of the ledger is recorded a long column of cities which voted on the issue of retaining or abandoning the plan and decided in its favor. Whereas in this five-year period 7 cities, towns, and villages voted to abandon the plan, there were 48 referenda in which cities voted to retain it. In 1931, eleven voted to keep the plan; in 1932, twelve; in 1933, thirteen; in 1934, ten; and in 1935, two. Cities voting to continue the plan included: Oklahoma City, Oklahoma; Phoenix, Arizona; Staunton, Virginia; Long Beach, California; Flint, Michigan; and Kenosha, Wisconsin. The process of adoption, retention, and abandonment of the manager plan brings the total for council-manager cities in the United States as of January 1, 1936, to 438.[2] So much for the council-manager record in general. The specific causes of abandonment of the plan in the seven cities, towns, and villages under consideration are revealing.[3]

CLEVELAND

Cleveland adopted the council-manager form of government by a home rule amendment to its charter in 1924. This amendment provided for a council of twenty-five members elected by proportional representation. There was the usual concentration of administrative authority in a manager appointed by the council. For seven years the plan withstood the onslaughts of its opponents. Finally, in 1931, the stay-at-home "voters" permitted the opponents of the manager plan to succeed in their purpose. By a vote of 61,448 to 51,831 out of a total registration of 248,788, the mayor-council plan was restored by amending the charter. The story of the abandonment of the manager plan in Cleveland overshadows the chronicles of other reversals because of the size of the city and the controversy which it precipitated. The details have often been aired in print.[4] The judgment of Mayo Fesler and of the executive board of the Citizens League of Cleveland was, in summary, that the manager plan had been abandoned for the following reasons:

---

[1] For an earlier analysis of the abandonment of manager charters, see the author's articles in the September and November 1930 issues of this Review. That analysis was criticized because Lake City (Florida), Dearborn (Michigan), Missionary Ridge (Tennessee), and Michigan City (Indiana), were included, although the people did not vote to abandon the plan. In Lake City the legislature abolished the manager plan without a local referendum; Dearborn and Missionary Ridge were annexed to larger cities; in Michigan City the plan was lost through a decision of the state supreme court that Indiana's council-manager law was unconstitutional. In response to this criticism the author includes herewith only those cities abandoning the plan by vote of the people.

[2] See *City Manager Yearbook*, 1932, pp. 5-6; 1933, pp. 46-47; and *The Municipal Year Book*, 1934, pp. 94-95; 1935, pp. 114-115. For information on the year 1935, I am indebted to The International City Managers' Association.

[3] Unless otherwise indicated, the opinions regarding the situation in these communities come from correspondence with officials past and present, from interested citizens, and from observers. I am greatly indebted to those who have thus generously assisted me. For reasons that will be apparent, the sources of certain statements are not disclosed.

> a. First and foremost because of the persistent and unremitting bedevilment of administrative officers by party leaders and partisan councilmen for party spoils and special favors.
>
> b. Because of the antagonisms produced by failure of the council and the first manager to recognize the clear distinctions in the charter between their respective fields of activities.
>
> c. Because of the accumulated antagonisms, which develop against any charter under the American idea of regarding government as a grab-bag into which every citizen has a right to dip his hand and grab all he can get.
>
> d. Because many of the voters disliked the proportional representation method of election. It was especially obnoxious to the party leaders, who encouraged opposition to the system.
>
> e. Because the voters, as usual, voted their resentments rather than their appreciations. Their resentment at the operation of the spoils system and the land scandals blinded their eyes to the general improvement in the municipal services under the city manager plan.[5]

Political by-play colored the operation of the manager plan in Cleveland and prevented it from receiving a long trial. However, the favorable vote on the manager plan for Cuyahoga County (containing Cleveland) in 1935 undeniably reveals a leaning back toward the council-manager idea for Cleveland. It makes the possibility of Cleveland's re-adoption of this form of government less remote.

LIMA, OHIO

Lima, Ohio, adopted the manager plan in 1922 by home rule charter. By the census of 1930 Lima had a population of 42,217. On November 8, 1932, the manager plan was dropped by a vote of 9,183 to 8,775. Some 1,257 ballots were not marked on this question. By charter amendment, a mayor-council plan with election of the council by wards was the successor. Because the amendment did not place beyond doubt the date on which the mayor-council plan should take effect, legal controversy ensued. The city solicitor ruled that the city manager and the city commissioners should continue in office until new officers were elected at the regular election in November 1933.

Reasons given by correspondents for the change in Lima give different aspects to the picture. A former official writes: "As in all municipal campaigns those holding office had to suffer and this together with the economic condition I think can be safely said to have been the basis for the change. As in the national campaign the voters wanted to turn those who were in, out"—a very natural and human impulse. A familiar story comes from a leading citizen. For a time those who had been instrumental in the adoption of the charter continued their interest in it, and saw that first-class men were elected to the commission. When this nonpartisan group wearied of the struggle, political parties began to promote their friends for the commission. There was a rise and fall in the interest of the plan's sponsors. Moreover, "the county political organization was strong enough to compel the county budget commission to reduce the appropriations for the city of Lima to the very minimum, and thus practically prevented effective administration of the plan." To cap the climax, the local newspaper waged war on the manager plan. The editor believed in the mayor-council form and threw the paper's influence to its support. In spite of all this, the vote was close. There was a majority of only 408 votes against the manager plan out of a 17,958 total.

---

[4] See Mayo Fesler, "Why Cleveland Abandoned the Plan," *Public Management*, 13 (1931), 399-403, and "Why Cleveland Abandoned City Manager Plan," *Greater Cleveland,* Apr. 5, 1934; S. L. Reeder, "Cleveland Deserts the Manager Plan," and W. R. Hopkins, "Cleveland Still Dissatisfied," in this REVIEW 20 (1931), 739-40, and 24 (1935) 27-31, 41.

[5] *Greater Cleveland*, vol. 9, no. 28, p. 128 (April 5, 1934).

BRATTLEBORO, VERMONT

The population of Brattleboro, Vermont, in 1930 was 8,709. Gathered together on March 6, 1928, in annual town meeting, the citizens of Brattleboro voted 789 to 563 to adopt the manager plan under the state optional manager act.[6] Of 5976 legal voters in the town, only 22 per cent expressed their opinions. Many taxpayers had been impressed by the record of the manager plan in Springfield, Vermont, and a committee had been investigating the idea for five years. Appointment of a manager was put in the hands of the selectmen of the town, and these worthies were not among those friendly to the plan. Business men interested in the plan could not be persuaded to run for office. This was the first stumbling block. Second, the people of Brattleboro had been promised that the plan would be similar to that in Springfield, where the manager held several elective offices—those of clerk, treasurer, and tax collector—in addition to his appointive post. But the manager in Brattleboro hesitated to run for any elective offices, believing such a move would imperil the whole plan. Those who advocated such a procedure were naturally antagonized. Third, the manager was instrumental in the adoption and later in the enforcement of certain regulatory ordinances. The building code and milk regulations made certain enemies. Fourth, the manager developed a number of new services: ash and refuse collection, instruction in the public playground, surfacing of dirt roads. These new services were an asset to the town, but they cost money. In the annual town meeting of 1930 the citizens voted to discontinue the first two services on the grounds of economy.

The *Brattleboro Reformer* said in its post-mortem of the abandonment of the manager plan: "It did not prove economical. . . . Voters who favored it on the belief that it was going to reduce or at least keep down taxes could not be blamed for feeling that their belief had been misplaced."[7]

One of the sponsors of the plan writes: "When the manager first arrived, I told him no matter what he did in the end, he must first make a showing of economy in the way of reduced taxes. . . . At one town meeting the voters gave him and the board a clear mandate to keep down the budget. Again with the prodding of the board, he exceeded the budget." The tax rate for the years involved was: 1928, $3.91; 1929, $3.65; 1930, $3.82; 1931, $3.73. The first result of the plan was to reduce taxes substantially, but in 1930 the rate was back close to the 1928 level. Although there were several unexpected contingencies which were partly responsible, the years 1928-1931 did not show the anticipated reduction in the cost of town government, and criticism was rife. Apparently, an anti-managerial board of selectmen were willing to have the budget adopted in town meeting exceeded so that a reaction would be forthcoming. Finally, "it was the same old story of the apathy of the majority, and the quiet under-cover work of a minority. The opposition came chiefly from the old office-holders who objected to any encroachment on their pet prerogatives." In town meeting on March 3, 1931, 1723 citizens cast their ballots with a majority of 149 to discontinue the manager plan.

---

[6] Cf. Vermont, *Public Laws*, 1933, sec. 3590-3602 on "Town Managers."

[7] *Brattleboro Reformer*, March 7, 1931.

VILLAGE OF WINDSOR, VERMONT

The village of Windsor, Vermont, adopted the manager plan in 1926.[8] In 1932 the village abandoned the plan by a vote of 180 to 121, with only 301 out of a total of 1650 registered voters participating. One of the present officials claims that the village decided to use a board of three trustees because it was believed that the manager was an unnecessary expense. It was due to an economic point of view on their part. A former official states that the plan would never have been defeated if the better element in the village had taken the trouble to turn out to the meeting. However, they were over-confident, and gave those opposed to the plan a chance to wreck it. "A very little work," says one commentator, "had people been wiser to what was going on, would have changed the whole thing, for I think that the opposing side was practically all out." This has happened in larger communities than the village of Windsor.[9]

ST. ALBANS, VERMONT

By charter amendment the manager plan was launched in the city of St. Albans, Vermont, in 1920. A special act of the legislature was adopted at a local referendum. It created a council of four, including the mayor. At the city meeting one councilman was elected by each of two wards, and one councilman and the mayor were elected by the voters of the city at large. In the matter of selection, tenure, and powers of the manager, the act was representative of the best thought on manager charters.[10] The manager had ample powers of appointment and removal, and he, in turn, was responsible to the council. This community had a population in 1930 of 8,020.

At a special city meeting held on June 8, 1934, the people voted 607 to 208 to abandon the manager plan. They adopted a revision of the charter which returned the city essentially to the original aldermanic form of 1920. During the years in which the plan was in force, St. Albans had a half-dozen managers. It did not operate entirely as provided in the charter. In the opinion of several officials, one of the difficulties was that the city was not in a position to pay a salary that would attract a qualified manager. Also, "as time went on there was considerable dissatisfaction, particularly as the real estate appraisals were raised to bring higher taxes. . . ." However, the chief problem seems to have been that "the city not being able to pay a salary to a man qualified for the position of city manager, and a man hired for the position and paid a salary the city could meet was not qualified to fill the place and carry out the plan as it should be carried out." There may have been other reasons, but they have not been brought to my attention by any correspondent.

---

[8] Under the laws of Vermont a village may avail itself of the provisions of the town-manager act in so far as they are applicable. The trustees of the village have the power to appoint, supervise, and discharge a manager, whenever the voters of the village adopt the plan in an annual or special meeting. Cf. Vermont, *Public Laws*, 1933, sec. 3647.

[9] The town of Windsor, Vermont, however, continues to operate under the manager system.

[10] See R. T. Crane, *Digest of City Manager Charters*.

SULPHUR, OKLAHOMA

Sulphur, Oklahoma, adopted the manager plan in 1924, and abandoned it in 1933. Sulphur had a population in 1930 of 4,242. At a special election on July 26, 1932, the voters by a two-to-one majority adopted an amendment conferring the duties of manager upon the mayor. The governor refused his signature because the amendment had been adopted at a special instead of at a general election. The charter amendment was again initiated and placed before the voters on April 4, 1933. This time the majority was three to one, and the governor attached his signature. One week later the mayor assumed the managerial duties.

While this city was operating under the manager system, the mayor decided that both a mayor and manager were a superfluous "luxury" for a small city. He sponsored and "put over" the amendment at the special election in 1932. When the amendment was ultimately signed by the governor, he became officially mayor and city manager. Further light may be shed upon the situation by these facts: "The man who served as manager for the last three years of council-manager government was chairman of the Democratic County Central Committee just prior to becoming manager. The leader in the movement to overthrow the manager plan was the chairman of the Republican County Committee."[11]

Sulphur is divided into two distinct and separate divisions known as East Sulphur and West Sulphur, each of which has long vied for supremacy. Heated quarrels and factionalism are not soil in which the manager plan thrives. The usual cry of economy was raised and turned the voters against the manager plan. In the last analysis, "it was purely a local issue and not one that involved principles of good government."

FALL RIVER, MASSACHUSETTS

Prior to 1928, Fall River, Massachusetts, was governed by a special-act charter which called for a mayor and bicameral city council. At a special election in that year, a light vote being cast, the people of Fall River by a slight majority adopted the state optional manager plan otherwise known as Plan D. At the time the city was in financial difficulties, because of the slump in its textile industry and increased taxation. The advocates of the change went directly to the people, asking them to circulate petitions and to secure support from neighbors and friends. The result seems to have been a surprise to all concerned. The politicians had been caught napping, but they swung into action. When the councilmanic election was over, the Plan D advocates had elected two councilmen; the politicians, three. A local politician was selected as manager. For two years the mayor and two associates on the council dominated the situation, and the mayor, according to many correspondents, was virtually the executive head of the city.

In 1930 there was a new deal on the city council. One of the councilors favorable to the manager plan became mayor. An out-of-state man was appointed as manager. But conditions were now highly inauspicious. Before the election the city had defaulted on the interest due on tax anticipation notes. In December the situation was acute with operating expenses and payrolls being met by week-to-week loans from local banks. This crisis had been in the making for some years. While industrial activity had been dropping, city taxes had been rising. From 1923 to 1928 the value of industrial products decreased 30 per cent, while the city tax increased 30 per cent.[12] With the heavy wind of textile depression blowing, the city budget had not been trimmed. When the storm struck with full force in 1930, the theory of local self-government yielded to the practice of preserving municipal credit. An act was passed authorizing the city of Fall River to fund certain indebtedness and establishing a state board of finance. Broad powers over the city's finances were lodged for ten years in a board of three members appointed by the governor with the advice and consent of the executive council. With control went authorization to issue ten-year serial bonds to the amount of $3,500,000 to meet obligations, and to issue refunding notes to the amount of $1,000,000.

---

[11] J. C. Phillips, *The Operation of the Council Manager Plan of Government in Oklahoma Cities*, 1935, p. 172.

The act stipulated that no appropriations could be made and no debt incurred except with the approval or upon the recommendation or requisition of the board in writing. This applied to the city council, to all departments under it, to the state-controlled police department, and to the school committee.[13]

From 1928 to 1930 the manager plan had been entrammeled in political toils in Fall River. After the councilmanic election of 1930, a fair trial of the council-manager plan seemed possible. But in the brief period from November to February, state control was instituted, the board of finance being appointed on February 21, 1931. Fall River could no longer be considered as typical of the manager plan. Real authority was lodged with a state board of financial control. The council-manager form of government functioned only nominally.[14]

Before the manager plan was dropped in 1934, another shift in the council resulted in the appointment of the city engineer, an able official, as manager. Under the control of the board of finance, the manager plan being subordinate thereto, the city was on it way back to financial stability, and industrial activity was rising.

But the forces in the city that had opposed the manager plan from the start were ready in 1934 with a petition to shift plans from D to A under the laws of Massachusetts. Plan A is the strong-mayor-council form of government. In the interests of economy, the axe-wielding activities of the authorities had made enemies. General indifference and lethargy prevailed. The city had been through a good many crises, and whatever happened, the state board of finance, like the flag, was still there. At the referendum which was put before the voters in 1934 there were 13,864 votes for Plan A; 10,150 for the manager plan; and 10,339 blank ballots. The change was due to reasons "purely political." It "was not due to defects in the system, but because the politicians wanted it thrown out." Again, "the 'pols' who were pushed away from the public crib took advantage of the lethargy of the 'good element.' "

The voters elected the last city manager under Plan D as the first mayor under Plan A. Waltham, Massachusetts, had set a precedent for this procedure by abandoning the manager plan and electing the former manager seven times as mayor. Technically, Fall River has adopted and abandoned the manager form of government. Actually, the plan made no real headway prior to 1931 because of the political complexion of the council. Early in 1931 it was overshadowed by the Fall River Board of Finance.

---

[12] See H. G. Fishack, "A Financial Dictatorship for Fall River," in this REVIEW, 20 (1931), 201.

[13] Massachusetts, *Acts*, 1931, Chap. 44, sec. 8.

[14] For the record of the Fall River Board of Finance, see *Fourth Annual Report*, 1935, p. 27, on reduction of net general debt, assessed valuations, property tax levy, and revenue appropriation expenditures.

SUMMARY

To analyze with fairness the circumstances, the forces, and the personalities that combined to cause abandonment of the manager plan in any city, village, or town, is a task defying generalization. Each case must be treated individually. Local peculiarities which doubtless explain abandonment in some instances keep their secrets from all who do not live in the communities themselves.

Cities which had abandoned the manager plan prior to 1930 can be classified into three groups:[15] (1) cities in which defects in specific charters, or disadvantages inherent in the manager plan itself led to its failure; (2) cities which lost their manager charters through circumstances which were largely extraneous to the plan itself; and (3) cities in which the manager plan was given a very brief trial under political conditions prejudicial to its success. To what extent can the cities abandoning the plan from 1931 to 1935 be placed in these categories? Cleveland falls predominantly in the third class as do most of the others. To this general statement exceptions must be made. Lima, Ohio, falls partly in the third class and partly in the second. There the depression seems to have been a factor of considerable importance, and may be cited as an extraneous circumstance parallel to the collapse of the real estate boom in Florida which played a part in the abandonment of manager charters in that state. In St. Albans, Vermont, the materials are too scanty to permit a classification. Fall River lies athwart the second and third groups. The economic depression was an extraneous circumstance leading to the Fall River Board of Finance which reduced the manager plan to a nominal status. There were plenty of "pols" who kept the political pot boiling. Eventually, even the residue of the manager plan boiled away.

If there is any moral to the story of abandonment, it is that the friends of the manager plan cannot, with impunity, cease their political activities once the manager charter has been adopted. They must exercise eternal vigilance at councilmanic elections, and they must be on guard against the day when opponents of the manager plan will come out of hiding to swing the pendulum against the manager charter. The large proportion of non-voters and of blank ballots at referenda on the adoption, retention, or abandonment of the manager plan is a factor. Sometimes an organized minority of thinking voters succeeds in putting over a manager charter, and bows later to an organized minority of politicians who have quietly girded their forces to the attack. An indifferent mass of non-voters permits these active groups to resolve the issue. The manager plan, like any other governmental institution, may be a prey to passing politics. But in none of the cities under review was the manager plan abandoned because of an inherent weakness of the plan itself.

The council-manager plan underwent in the five years from 1931 to 1935 a baptism of fire with fifty-five referenda on its continuance. The seven reversals that resulted are only the exceptions that prove the rule of its durability. Four of these seven exceptions were localized in New England where the manager idea has made slow headway as compared with the Middle West and the Pacific Slope.

---

[15] See the author's articles in this REVIEW for September and November, 1930.

Competent Citizenship: The Only Way To Good Government

There is great need for an intelligent, determined, and nationwide effort to improve the quality of citizen thinking and citizen action

P. P. WOMER

Washburn College, Topeka

In the democratic state, citizenship is fundamentally the principle or bond of union and the basis of social and political organization, and therefore the state based on citizenship functions effectively only as citizenship functions effectively.

Broadly speaking, in the earlier stages of society the principle of union was that of kinship, and the way that kinship was conceived, and the way it was extended, provides the key to the social order. At a higher stage of social development, a principle of authority independent of kinship came into play. Patriarchal forms of government gave place to tribal and monarchical forms, and under these forms extensive unions of diverse populations became possible. In the end, however, authoritarian government proved to be too rigid to allow adequate expression to the growing aspirations of people and, accordingly, citizenship as a principle or bond of union began to emerge.

In its political significance the supreme characteristic of citizenship is the fact that under it the relation of government and governed is reversed. Instead of an absolute ruler or governing class or caste, the people themselves are the state and the source of political authority; government is their servant and not their master, and in its functioning it works not from the top down but from the bottom up.

Obviously, therefore, for the proper conduct of public affairs in a social order based on citizenship, two things are of prime importance. One of these is machinery of government that will safeguard the citizen against arbitrary interference and enable him to fully use his powers for the benefit of himself and his fellows. And the other is a degree of competence in the citizen body that is equal to the task of operating that machinery in a manner that is really effective and that the public interest demands.

II

Hitherto in our thinking about government, as Arthur Twining Hadley once pointed out, we have been inclined to place the chief emphasis upon competent machinery rather than upon competent citizenship, notwithstanding the evident fact that the force that drives the machinery is equally necessary if government is properly to do its work.

There is, for example, the story of a man who came to the agent of a manufacturing company to buy a pump for the watering of his stock. When the agent asked him how he proposed to get the power to operate the pump, he replied that he wanted an instrument that was large enough not only to supply the water that was needed for his cattle but an additional amount sufficient to run it. And when told by the agent that such a thing was impossible, he was greatly surprised and disappointed, and he said that with the amount of capital he was prepared to spend, it seemed to him that the company must be something of a hoax if it could not supply such a pump.

Such simplicity is amusing until we realize that very much the same thing is reflected in the mental attitude of a large section of the American public with respect to the machinery of government. There appears to be the assumption that if the machinery were good enough it should somehow supply its own power, that citizens should be left free to pursue their own private affairs, and that their actual share in the work of making the machinery go should be reduced to a minimum, if not entirely eliminated.

Even the writers of textbooks on government are prone to stress the machinery and the task of administration, describing them in all their minute details, while saying little of the force of public opinion that is needed to make the machinery go, or of how that force is to be developed and directed.

III

It is clear enough, to be sure, that our American machinery of government is more or less defective at many points and that it needs to be improved. Nothing that has been said should be so construed as to obscure that fact, or the fact that all the efforts to improve our machinery of government, to make it more responsible to the citizen body and a better vehicle for expressing the will of the citizen body, are to the good.

It seems clear, however, if democratic government in America is to survive and, what is more to the point, is to be worthy of survival, that far more pressing just now than the problem of improving our machinery of government is the problem of improving our citizenship, for the simple reason that a defective machine with plenty of power is more likely to accomplish the needed results than a good machine that lacks power.

Think, for example, of how extensively the idea of local government, the right of people to manage their local affairs, is now being used throughout the nation as a kind of a smoke-screen to cover something that is entirely different, the "right of the local political boss or clique to carry on what is essentially a political racket, to fill local offices with subservient and incompetent party supporters, to award local contracts to those who in some way will pay heavily to secure them, to impose unjust tax levies upon some and to exempt others, and in other ways virtually to exact tribute from individuals and from whole sections of the community."

In a mid-western city only a few months past a certain contractor was awarded a street-paving contract which provided for the paving of several city blocks. About one block of the paving was completed when the city inspector appeared, and after a brief inspection he declared that it did not meet the requirements, and directed that it be taken up. To the contractor's earnest protests, the inspector swore unctiously, and with seeming indignation, and then departed. But in the course of an hour or so he reappeared and asked the contractor what brand of cement he was using. He then mentioned another brand, and told the contractor that if he would agree to use it he had decided to revoke his order to tear up the block of completed work. With this demand, the contractor felt obliged to comply, although he knew full well that the brand he was required to use was the product of a factory owned by the notorious political boss of the city, that it was inferior in quality, and that to use it meant that he must pay an excessive price.

Manifestly, such abuses of government result not so much from defective machinery of government as from defective citizenship, because the evidence at hand is conclusive that wherever citizenship is alert and competent these abuses do not exist.

Machiavelli once said that the greatest danger to government is for it to become contemptible. And without any doubt the increasing exposures of inexcusable weakness, inefficiency, and corruption in our government, extending all the way from the bottom to the top, are tending to make it contemptible in the eyes of a steadily increasing number of people. And whether this growing contempt shall issue in a rejuvenation of American democracy or in a "strong arm" type of government essentially Fascistic in character, depends very much upon developments during the next ten or twenty years.

IV

The fact is that our democracy was started upon its career with a very inadequate conception of citizenship and it is only within a limited circle that we have succeeded in improving very much upon that conception.

With the powerful reaction against the abuses of monarchical government that came in the closing years of the eighteenth and the early years of the nineteenth centuries, there developed, as Bryce showed in his Yale lectures, a widespread belief in "natural citizen competence," a belief, in other words, that people generally, at least in what are called civilized countries, are naturally qualified to be capable citizens, that naturally they have sense enough to judge of public affairs, discernment enough to choose the right men for public office, self-control enough to accept the decision of the majority, honesty enough to seek the general interest rather than to try to secure their own interests at the expense of the community, and public spirit enough to take any necessary trouble in behalf of the common good.

It was an easy-going conception of citizenship, and to an extent that is really quite amazing, it has lingered on in American life. No greater application of the conception in a concrete case, says Bryce, was ever made than by the men who carried the fourteenth and fifteenth amendments to the constitution.

Whatever the facts of our history that explain the persistence of this belief in natural citizen competence, the fallacy of it, in view of the new, vast, complex, and bewildering problems of the modern state, is pathetically evident.

The truth probably is that citizen capacity, like any other capacity of human nature, must be developed, or else it remains latent and futile. As that eminent political philosopher, T. H. Green, once put it, "the apprehension of a community of well being, the recognition of common rights and a common good, and all the basic elements that condition a free state and a competent citizenship are implicit in the generality of the people, but they must be elicited by education and experience."

V

The soundness of Green's premises cannot be successfully challenged. And, in view of the crisis through which our democracy is now passing, these premises assume a very particular and urgent significance.

The evident plight of government, both national, state, and local, in the presence of the numerous complex and distressing problems with which we are now beset, calls for an intelligent, determined, and nation-wide effort to improve both the quality of citizen thinking and citizen action. Somehow, and at whatever cost, "the implicit capacity for worthy and effective participation in the state," must be converted into a positive and active citizenship that represents a true understanding of the nature of the organized democratic community and its problems, a real and active interest in public affairs, unselfish devotion to the public welfare, and, more than all perhaps, the ability to coöperate with other citizens and with public officials in constructive efforts to solve community problems.

Upon first thought, the problem appears to be so immense that it is quite overwhelming. The fact is, however, that the nation today is full of organized groups which, if they could adequately visualize the objectives that must be achieved, and could lay aside self-interest, and could cease to work at cross purposes, and develop effective coöperation, would be able virtually to accomplish the task of converting "implicit citizen capacity" into competent citizenship in less than a generation.

It is against the background of these teeming, and sometimes selfishly motivated, and often conflicting social groups that the merits and possibilities of the citizens' council plan can to the best advantage be considered and appraised.

Its motive is purely the public interest, and its method is to set up local citizen groups or councils, composed of representatives of all responsible social service organizations of the community, and other interested citizens. And its objective is to promote competent and timely citizen action through carefully planned efforts to stimulate individual and collective thinking upon current problems of government and citizenship, particularly the problems of local government, thus helping to create a body of informed opinion with respect to those problems and active organized coöperation with public officials in solving those problems, and still further to emphasize and to help to carry on those services which lie outside the province of government, but which nevertheless are fundamental to the welfare of the civilized community.

The feeling that there is need of a nation-wide effort in the interest of a better citizenship on some such lines as is proposed by the citizens' council plan is deep and widespread. Evidence that it exists and is growing in hundreds of communities both north and south and east and west, can readily be supplied by those who have taken the trouble to investigate. To capitalize that feeling, and to direct it through organized channels that will make it effective in the interest of a better brand of citizenship, is the broad purpose of the citizen council plan.

The need for citizen action is evident. Three examples will illustrate some of the problems involved. These are: 1. The attitude of the public toward long-time social planning; 2. The specific alignment of community thinking into special group areas; 3. The numerous instances in which the citizen is required to render a judgment with respect to fundamental problems. . . . The organization of citizens in groups that are willing to face the facts and that are competent to render unbiased, intelligent, and constructive judgments on fundamental problems, is the urgent need in every community. This is the only guarantee of rational citizen action.

Alonzo G. Grace
University of Rochester

Progress in City Management

The twenty-ninth year since the council-manager plan of municipal government was inaugurated in Staunton, Virginia, finds 438 cities and 8 counties so governed in this country and 19 communities in foreign countries, a total of 465, according to a directory just published by the International City Managers' Association. A total of twenty-one cities and two counties adopted the plan in 1934 and 1935.

Nearly one in every five cities of over 10,000 population in the United States is now operating under council-manager government. (Over 2,000 of the 6,251 cities with over a thousand people cannot adopt manager charters without special action of state legislatures.)

Michigan has the greatest number of council-manager cities—forty-six.

Sixty of these 438 cities have been under the council-manager plan for twenty years. Texas has the most of these—nine.

In twenty-seven years, only twenty-one cities have abandoned the plan. During the last five years there were five cities, one town, and one village which abandoned it, out of a total of fifty-five referenda.

The council-manager plan is most popular in cities from 50,000 to 100,000, 28 per cent of all cities in this population group operating under it. Twenty per cent of the cities in the 25,000 to 50,000 group, 18 per cent of those over 100,000 and of those in the 10,000 to 25,000 population class, 9 per cent of the cities from 2,500 to 10,000 and 2 per cent of those from 1,000 to 2,500 have council-manager government. Seven towns and villages under 1,000 population have managers.

Cincinnati, Ohio, a manager city since 1925, is the largest in the "big city" class under this form of government. Polk City, Florida, with a population of 222, is the smallest.

Acceptance of the council-manager form of government in the past twenty years, it is commented, marks the decline of the commission plan. During the decade 1911-20, 35 per cent of all new charters approved in eleven home rule states, where cities are free to adopt one of several forms of government, were of the council-manager type, while in the next decade, 1921-30, the percentage was 71.

You and Your Government

The thirteenth series of YOU AND YOUR GOVERNMENT radio broadcasts on "The Constitution in the 20th Century," is now on the air each Tuesday evening, from 7:45 to 8:00 P. M., eastern standard time, over a nation-wide network of the National Broadcasting Company. Coming programs are listed below:

February 11—"Curbing the Court," Edward S. Corwin, Professor of Jurisprudence, Princeton University; Former President, American Political Science Association.

February 18—"Property Rights as Obstacles to Progress," Francis W. Coker, Professor of Political Science, Yale University; Past President, American Political Science Association.

February 25—"The Constitution as the Guardian of Property Rights," William J. Donovan, Former Assistant U. S. Attorney General.

March 3—"Freedom of the Press," Chester H. Rowell, Editor, *San Francisco Chronicle.*

March 10—"Powers of the National Government," Walter F. Dodd, Lawyer; Professor of Law, Yale University.

March 17—"Administrative Lawmaking," O. R. McGuire, Counsel to U. S. Comptroller General; Chairman, American Bar Association's Committee on Administrative Law.

This series is being presented by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association, in coöperation with the American Academy of Political and Social Science. For further information, write to the American Academy of Political and Social Science, 3457 Walnut Street, Philadelphia.

Selected Bibliography On City Management

ANSWERS TO YOUR QUESTIONS. New York, National Municipal League, 1934. 8 pp. 5 cents.

BEST PRACTICE UNDER THE CITY MANAGER PLAN, THE. New York, National Municipal League. 8 pp. 15 cents.

CITY GOVERNMENT IN THE UNITED STATES. By Charles M. Kneier. New York, Harper & Brothers, 1934. 482 pp. $3.00.

CITY MANAGEMENT—THE CINCINNATI EXPERIMENT. By Charles P. Taft. New York, Farrar and Rinehart, Inc., 1933. 275 pp. $2.50.

CITY MANAGER, THE. By Leonard D. White. Chicago, University of Chicago Press, 1927. 373 pp. $3.00.

CITY MANAGER CHARTERS, LOOSE-LEAF DIGEST OF. By Robert T. Crane. New York, National Municipal League, 1923. $5.00.

CITY MANAGER FOR CHICAGO, A. A Report of the City Manager Committee of the City Club of Chicago, December 2, 1935. 47 pp. Free.

CITY MANAGER PLAN AT WORK. New York, National Municipal League, 1930. 32 pp. 15 cents.

CITY MANAGER PLAN FOR PORTLAND (OREGON). A report by the Government Organization and Public Finance Section of the City Club. Portland City Club *Bulletin,* vol. xiv, no. 24. October 13, 1934.

CITY MANAGER PROFESSION. By C. E. Ridley and Orin F. Nolting. Chicago, University of Chicago Press, 1934. 150 pp. $2.00.

COUNCIL-MANAGER CITIES DURING THE DEPRESSION. New York, National Municipal League, 1935. 32 pp. 25 cents.

CINCINNATI QUITS BURLESQUE. By John T. Flynn. *Collier's,* May 26, 1934, p. 10.

FIVE YEARS OF CITY MANAGER GOVERNMENT IN CLEVELAND. By Mayo Fesler. Supplement to *National Municipal Review,* Vol. xviii, No. 3. March 1929. 20 pp. 25 cents.

LOCAL GOVERNMENT IN THE UNITED STATES. By Murray Seasongood. Cambridge, Harvard University Press, 1934. $1.50.

MODEL CITY CHARTER. New York, National Municipal League, Revised 1933. 106 pp. $1.00.

MUNICIPAL GOVERNMENT IN THE UNITED STATES (Chapter xiv). By Thomas H. Reed. New York, D. Appleton Company. Revised 1934. 418 pp. $3.50.

MUNICIPAL YEARBOOK, THE. Chicago, International City Managers' Association, 1935. 392 pp. $4.00.

OPERATION OF THE COUNCIL-MANAGER PLAN OF GOVERNMENT IN OKLAHOMA CITIES. By Jewell Cass Phillips. Philadelphia, University of Pennsylvania, 1933. 305 pp.

PROCEDURE IN NEW JERSEY FOR ADOPTING THE MUNICIPAL MANAGER FORM OF GOVERNMENT. Prepared by the New Jersey Taxpayers' Association, Suite 517, Broad Street Bank Building, Trenton, N. J. 23 pp. Mimeo.

RECENT COUNCIL-MANAGER DEVELOPMENTS AND DIRECTORY OF COUNCIL-MANAGER CITIES AND COUNTIES. Chicago, International City Managers' Assn., 1936. 16 pp. 50 cents.

STORY OF THE CITY MANAGER PLAN. New York, National Municipal League. Revised 1934. 48 pp. 15 cents.

SUGGESTED PROCEDURE FOR SELECTING A CITY MANAGER. Supplement to *National Municipal Review,* Vol. xxii, No. 12, December 1933. 12 pp. 15 cents.

PERIODICALS

NATIONAL MUNICIPAL REVIEW. National Municipal League, 309 East 34th Street, New York City. $5 per year.

PUBLIC MANAGEMENT. International City Managers' Association, 850 East 58th Street, Chicago. $4 per year.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Permanent Registration Under Attack in California.—The continuance of permanent registration in California is threatened. The 1935 legislative session submitted a constitutional amendment to be voted on at the general election of 1936 to give the legislature the power to revert to periodic registration. Apparently as a part of a plan to speed the return to periodic listing of the voters, an act was passed by the same session to require a complete re-registration immediately after January 1, 1936.

The agitation for the change is difficult to trace to its source. Permanent registration has operated under difficult circumstances, particularly in Los Angeles County. Depression conditions have brought about frequent changes of residence and from January 1, 1932, to the end of 1935, there were 1,500,000 registration transfers on account of changes of residence. In 1934 alone there were 432,655 such changes; in 1930, only 98,850. The total registration in the county in November 1934 was approximately 1,300,000. In the heat of the 1934 gubernatorial campaign, charges of wholesale fraudulent registration in the county were made without, however, questioning the integrity of the registrar of voters. They apparently had their roots in campaign strategy rather than sentiment for purity in elections, but the charges were widely publicized and were used to justify the action taken by the legislature in 1935. The County Clerks' Association urged a return to periodic registration, but substantial rumor has it that the real pressure came from interests which had lost business as a result of the adoption of permanent registration. Whatever the source of the pressure may be, the state faces the probability of a return to periodic registration without an impartial and competent determination of the actual functioning of the permanent procedure.

V. O. Key, Jr.
University of California at Los Angeles

*

Kentucky Contemplates Reorganization.—Governor Chandler of Kentucky in his address following the convening of the state legislature, proposed an "audit and survey" of the state government as a basis for reorganization, and the calling of a special session in February to deal solely with the subject of reorganization. He also proposed, among other matters, the repeal of the state sales tax, coöperation with the federal government concerning old-age pensions and other social security legislation, the single primary system, and the consideration of a special session, to follow that on reorganization, for the purpose of determining revenue sources and amounts and improving the tax system.

*

Constitutional Convention for Rhode Island.—Governor Theodore F. Green of Rhode Island has proclaimed a referendum on March 10 to decide whether a constitutional convention will be held. The senate approved the convention bill by one vote, cast by the lieutenant governor as presiding officer, and the assembly concurred 57 to 42. Thus, another of the objectives of the Democratic administration which came into power in 1935, namely, to modernize the constitution, has made progress. One concession made in the bill was that the representation of the towns shall not be decreased; but this is offset by the lack of restriction on representation of the cities. The convention will have 127 delegates.

*

Legislative Services.—Plans have been completed by the New York State Conference of Mayors to keep cities and first and second class villages informed about municipal legislation and to coöperate with the legislature in the preparation and consideration of all bills affecting the administration of city and village affairs. All general bills concerning such municipalities are referred to the general legislative committee of the conference for study and action. This committee meets once a week during the legislative session. If it is not certain that it can correctly represent the majority of the municipalities on any measure, the bill is referred to the municipalities for instruction. A weekly bulletin summarizing each such bill introduced the preceding week is sent to the mayors of cities and the clerks of villages.

The New York Legislative Service, of which Miss Elisabeth Scott is director, with headquarters at 309 East 34th Street, New York City, furnishes, for a fee, information on all important New York State legislation, particularly for taxpayer and civic groups, and has an able board of editors in various fields.

*

State Aid for Libraries.—Local public libraries received increased state aid during 1935, according to reports made at the recent conference of the American Library Association in Chicago.

It was pointed out that this "is due in part to the adoption by various states of tax limitation laws—notably Indiana, Michigan, New Mexico, Ohio, Oklahoma, Washington, and West Virginia—which impaired the ability of cities to maintain libraries." Twelve states reported increased appropriations to their state library agencies.

Illinois was given prominence because of the recent legislative appropriation of $600,000 to replace depleted book stocks in some 270 public libraries of the state.

The council of the association expressed itself in resolution as believing that increased demand for library services, coupled with reduced library support from local units of government, emphasizes the need for financial help from other than local sources. State aid was also described as tending to equalize the distribution of library facilities.

The association also adopted a plan for surveys of public library administration, restricting such surveys to instances where they are officially requested, where the cost will not come from the association's budget, and where the personnel and conduct of the survey, and the resulting public reports, shall be under the association's control.

*

State Planners Hold Conference.—Representatives of thirty-one state planning boards and three regional boards—Pacific Northwest, Tennessee Valley, and New England—attended the conference on state planning administration called by the American Society of Planning Officials in Chicago recently.

It was generally agreed that the state planning board, acting as an advisory body to the legislature and the governor, should collect data on the natural and human resources of the state, help to coördinate the planning studies of the individual state departments and make recommendations to the legislature and governor on the basis of the carefully collected and analyzed data looking toward the proper development of the state.

From the reports submitted at the conference, it appeared that in almost every case the planning board first undertook to inventory the land, water, and mineral resources of the state, thus sometimes presenting to the citizens for the first time a picture of what has been happening to the resources and to the people of those states.

The conference adopted a resolution that Congress enact a bill now pending before it providing for the creation of a permanent national planning board. In thirty-three of the states planning boards have been made permanent by legislation.

*

Manager Plan Developments.—Mayor G. G. McGeer of Vancouver, British Columbia, a city of 117,217 population, in his proposed plans for 1936, has urged that the city council discuss the idea of council-manager government.

In Des Moines high school students are circulating petitions for the adoption of the manager plan. An organization meeting was recently held at which students were assigned to certain precincts for the obtaining of signatures. Nearly ten thousand signatures are required.

In Erie County, New York, containing the city of Buffalo, a proposed council-manager charter recently made public would organize the county as a single metropolitan governmental unit.

In Westchester County, New York, the Commission on Government has outlined a plan of county organization, providing for an appointive manager, which will be submitted shortly to the legislature for approval.[1]

Vinton, Va., (3610) adopted the manager plan on January 14 by a vote of 136 to 115. The charter must be enacted into law by the legislature.

*

Mayors Ask Federal Work for Three Million Employables.—Representatives of the United States Conference of Mayors on January 13 asked Congress to provide an appropriation of $2,340,000,000 for the Works Progress Administration to furnish work for three million persons in the 1936-1937 fiscal year, no appropriation for WPA having been made at the time. The mayors estimated that the present federal work program has taken 3,200,000 from the relief rolls. The request stated:

"The serious problem confronting the cities, counties, and states, now that the government has embarked on a policy of discontinuing direct relief grants, is that of providing adequately for the relief population not cared for under the federal work program. In this category we find that the existing city, county, and state relief load can be fairly estimated at two million cases, embracing between seven and nine million persons. The reports made to us indicate, however, that of this load there are at least *500,000 employable cases, involving close to two million persons, who have not yet been and will not be absorbed by the present WPA, CCC, PWA or other activities.* Our reports conclusively indicate that it is an impossibility for the cities, counties, and states to carry this 500,000 load of employable relief cases in addition to meeting the full and complete costs for care of the unemployable group. And to this burden there must also be added about 22 per cent of the cost of the WPA program, which is the national average of city contributions. . . .

"Assuming (1) that the funds for the CCC and PWA included in the regular budget will be provided, (2) that carry-over of present funds other than WPA will keep some people working during 1936-1937, and (3) that private industry will continue to absorb additional persons from the relief rolls—assuming all these, we are of the unanimous opinion that it is essential for WPA to be given sufficient funds to provide work for at least *three million bona fide employable relief cases which would take care of twelve million men, women and children.*"

*

New York Mayors Seek Home Rule for Relief.—The New York State Conference of Mayors and Other Municipal Officials on January 8 recommended to the governor and legislature that home relief, now under state supervision, be made a matter of local administration, subject only to such state supervision as is necessary to insure that the state's share of the cost is properly spent. That share is now 40 per cent and the mayors are asking that it be increased to 50 per cent.

*

Police Progress in 1935.—Extension of police training is counted the most outstanding achievement in the police field last year by the *Police Chiefs' News Letter*, official bulletin of the International Association of Chiefs of Police. The national police training school of the Federal Bureau of Investigation graduated twenty-five state, county, and municipal police officials from its first session, and its second school opens early this year. New training courses inaugurated included those in Kentucky and West Virginia, which were worked out by police officials and the state leagues of municipalities. The Pennsylvania state police school was thrown open to county and municipal police officers. Short course programs were continued in New York, Virginia, Kansas, Northwestern, and Ohio State Universities, Hobart College, and other institutions.

Radio systems were extended and the Associated Police Communication Officials, organized during the year, developed a plan for interstate radio communication which has been indorsed by the International Association of Chiefs of Police.

---

[1] For further information on charter revision for New York counties see page 102.

Outstanding Civil Service Gains in Past Year.—The four most significant accomplishments in the civil service field in 1935, according to the January issue of the Civil Service Assembly *News Letter,* were the publication of the findings and recommendations of the Commission of Inquiry on Public Service Personnel; the inauguration of a two-year campaign by the National League of Women Voters for the merit system in government; the adoption of local civil service provisions by a number of cities and counties in the United States, including Bridgeport, Conn.; Clearwater and Jacksonville, Fla.; Jefferson County, Birmingham, and Bessemer, Ala.; Memphis, Tenn.; Waco and El Paso, Texas; Flint and Dearborn, Mich.; and San Diego County, Calif.; and the establishment of a graduate school of public administration at Harvard University. There were also steady advances in recruiting, classification, service rating and other technical personnel functions.

*

Progress in Rural Zoning.—The control of rural land uses by county zoning, with lower governmental costs as one result, is not only gaining in popularity in northern Wisconsin, where it was first tried out, but in 1935 laws on rural zoning were passed in three states—Michigan, Indiana, and Tennessee—according to the American Society of Planning Officials. Eight other states—California, New York, Maryland, Wisconsin, Washington, Virginia, Mississippi, and Illinois—have some type of county planning or zoning, but Wisconsin has used hers most widely. There about five million acres in twenty counties have been placed in restricted land use areas, and four other counties are studying zoning ordinances.

*

Fellowships in Traffic Control and Administration.—The Bureau for Street Traffic Research in Harvard University, which provides basic research in connection with traffic accidents and congestion, and training in the technical and administrative problems of traffic regulation, announces the availability of fifteen graduate fellowships in the field of street and highway traffic control and administration. This expansion of the training activities of the bureau has been made possible through grants to Harvard University by the Automobile Manufacturers Association. Two new courses in traffic control are also being instituted.

*

National Housing Act Stimulates Zoning and Planning.—Planning of community growth and more widespread adoption of zoning laws are among developments related to the operation of the national housing act, according to Stewart McDonald, federal housing administrator, who states that although the insurance of dwelling mortgages and modernization credit loans remains the current chief activity under the act, there is substantial evidence that the rules and regulations of the federal housing administration regarding property standards and the rating of both property and neighborhood result in greater community attention to zoning.

*

Non-federal Public Employees Organize.—The organizing convention of the American Federation of State, County, and Municipal Employees was held in Chicago in December, attended by officers of existing organizations of public employees. Thirty-two delegates from as far north as Minnesota and as far south as Georgia, were present, according to the *News Letter* of the Civil Service Assembly. Mr. Arnold Zander, executive secretary of the Wisconsin State Employees Association, was elected president, and Mr. Roy Kubista is secretary-treasurer. The national headquarters of the association will be at Madison, Wisconsin.

*

Seventeen Governmental Associations Given New Headquarters in Chicago.—The erection and maintenance of a building to house the national headquarters of seventeen associations of public officials and other groups professionally concerned with public administration have been made possible by a grant of one million dollars to the University of Chicago by the Spelman Fund. The new building will be erected on university property, on the south front of the Midway, at the southeast corner of Kenwood Avenue and Sixtieth Street.

The organizations which will occupy it are: Public Administration Clearing House, central agency of the group, American Legislators' Association, American Municipal Association, American Public Welfare Association, American Society of Municipal Engineers, American

Society of Planning Officials, Civil Service Assembly of the United States and Canada, Council of State Governments, Governmental Research Association, International Association of Public Works Officials, International City Managers' Association, Municipal Finance Officers' Association, National Association of Housing Officials, National Association of Assessing Officers, and Public Administration Service, the latter a research, consulting, and publications service jointly maintained by all the other organizations. A joint reference library is similarly maintained. In addition, the Council of State Governments acts as the secretariat for the National Association of Attorneys-General, the National Association of Secretaries of State, the Tax Revision Council, and the Interstate Commission on Crime. Other similar groups have indicated interest in moving their headquarters to the Midway.

The associations now occupy leased offices at 850 E. Fifty-eighth St. It is not expected that the new building will be ready before eighteen months.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York State—Town Officers School.—An experiment in the education of town officers for their duties was inaugurated at Rochester, New York, December 13 and 14, when some six hundred officers of towns in nine counties in that city's vicinity gathered for two days of discussion and instruction in their duties. The experiment was conducted jointly by the Association of Towns in New York State and the *Rochester Democrat and Chronicle*. It grew out of a suggestion by Frank C. Moore, executive secretary of the town association and a member of the New York State Commission for the Revision of the Tax Laws. Mr. Moore had been told by the state comptroller that most of the illegal acts of local officials were the result of lack of knowledge rather than of intent. He believed that if such mistakes could be reduced the efficiency and economy of town government could be increased.

Appropriate officials from the state comptroller's office, the state highway department, and the state tax commission, regional TERA directors, Cornell and University of Rochester professors, and local town officials with established experience and competence in particular offices were induced to give instruction and lead discussions. A general session for town boards as a whole took up the first morning; in the afternoon separate sessions were held for town supervisors, justices of the peace, and town clerks. On the second day separate sessions were held for highway superintendents, assessors and tax collectors, and welfare officers. Local state senators and assemblymen were luncheon guests the first day. Sessions were held in the Chamber of Commerce building, chamber officials, officers of the town association and editors of the *Democrat and Chronicle* coöperating in arrangements. Both sponsors and town officers who attended felt their expectations of the value of the school had been more than met. Officers from towns in Monroe, Orleans, Genesee, Wyoming, Livingston, Yates, Ontario, Seneca, and Wayne Counties were invited. A local chairman in each county assisted in arrangements and organized attendance. Other schools in other sections of the state are projected by the town association in coöperation with other newspapers, mainly of the Gannett group of which the *Democrat and Chronicle* is a member.

Harold W. Sanford
Rochester Democrat and Chronicle

*

New York State—New County Charter Proposals.—The Democratic Club of *Erie County* has submitted a proposed charter which would combine the county, the city of Buffalo and all the other towns and municipal corporations of the county into a single unit under one general government, though with certain important reservations for the government of the outlying towns. For the metropolitan city, the name of Greater Buffalo or Metropolitan Buffalo is proposed. The new council would have ten members, six from the present city and one from each of the four new boroughs which would be created. The office of sheriff would be abolished and the administrative functions of the new city would be handled by nine general departments whose chiefs would be appointive and under the city manager. The present towns (townships) would retain their present names, boundaries, and local administration. They would not be subject to taxation for any metropolitan or county services except their share of the principal and interest of the present county debt. The same autonomy would be preserved to the incorporated villages. Certain functions, however, which are or should be county-wide in their scope would be allocated to the proposed metropolitan government. Among such functions would be the activities of a planning commission with power, a traffic control board, a single welfare agency, a central board of assessors with local deputies, and a single tax collection system.

Erie County also has an official charter group known as the Erie County Survey Commission, appointed by the legislature in 1933. Its final recommendations have not been issued but a preliminary report submitted last year recommends that the county board of supervisors be reduced in number from fifty-four members to eighteen; that it be stripped of its administrative and executive powers and confined to legislative functions; and that a county executive and a comptroller be elected by popular vote.

In *Westchester County* the Commission on Government, after two years of study, has outlined a plan of county organization which will be submitted in bill form to the legislature for approval. This plan will reduce the membership of the county board of supervisors from forty-two to ten; the eighteen towns will be consolidated into two large townships. An elective county president and an appointive county manager are provided. Six other major county offices now elective are made appointive with some of their functions consolidated. The report to the supervisors followed the publication of findings of the Institute of Public Administration, which made a survey of government in Westchester to form the basis for charter proposals by the government commission.

A home rule plan of government for *Nassau County* was introduced in the legislature on January 28, by Assemblyman Harold P. Herman at the request of the board of supervisors. It is the first measure prepared in accordance with the so-called Fearon amendment to receive the definite approval of the governing body of any county. It has been devised with particular reference to the needs of Nassau County noted by Governor Lehman in his annual message as exceptional.

The charter is the work of the Nassau County Commission on Governmental Revision appointed by the board of supervisors in December 1934. Earl J. Bennett, former comptroller of the county, is chairman. Dr. Thomas H. Reed, Director of the Consultant Service of the National Municipal League, has been the commission's technical adviser. If passed by the legislature and ratified by the people of Nassau County, the measure will go into effect on January 1, 1938.

Assemblyman Herman, introducer of the bill said: "This bill will give Nassau County a modernized form of government with (1) an elective county executive with complete control over the administrative branch of the government, (2) an executive budget system with ample provision for hearing and publicity, (3) a county-wide court of inferior jurisdiction to replace the justices of the peace, and (4) a unified modern system of assessing property for taxation. It retains the present small board of supervisors of six representing the ancient towns of the county, its members having voting strength in proportion to the population they represent. Besides assessment it centralizes in the county government the functions of public health and public welfare. It puts the special districts, of which there are about 175 in the county, under real control as to their budgets and accounts and provides a method for their consolidation or abolition with the approval of a majority of the people affected. It gives Nassau County adequate powers to deal with the great problems of sewage and water supply which form the greatest menace to the continued growth and development of the county."

Optional Legislation. Several bills to permit the reorganization of county and local government in New York State, to give effect to the county home rule amendment to the constitution which was adopted at the November election, have been introduced into the state legislature which is now in session. The bills, introduced by Senators Buckley, Desmond, and Fearon respectively, are similar in that each recognizes the necessity for the establishment of a county executive and the creation in counties of an adequate budget system to provide control over expenditures. The Desmond bill includes the option of selection of the county legislative body by proportional representation; the others do not.

The bill which at this writing seems most likely to pass is the Buckley bill which was prepared by the New York State Commission for the Revision of the Tax Laws, of which Former Senator Seabury C. Mastick is chairman.

In brief, this bill provides for five basic forms of county government: the county manager plan, the county president plan, the council-manager plan, the council-president plan, and the selective plan.

The county manager plan provides for the continuance of the present board of supervisors and the appointment by it of a county manager to be responsible for the administration of the county business. This executive is to appoint all other county officers and employees, with the exception of the county judge, judge of the children's court, and the district attorney, all of whom are to remain elective officials, and an independent auditor to be selected by the board of supervisors to provide an outside check upon the administration.

The county president plan also provides for the continuance of the present board of supervisors and the establishment of a county president who is to be elected by the voters of the county, serve as chairman of the board of supervisors, and have complete responsibility for the administration of the county business. He will have the power of veto over county laws or resolutions passed by the board of supervisors except that the board by a two-thirds vote may override the veto.

The council-manager plan and the council-president plan are similar to the two plans just outlined save that a small county council is substituted for the present board of supervisors. Under these latter plans, the office of town supervisor is not abolished but the supervisors remain solely as town officials and the legislative business of the county is carried on by the newly created county councils.

The fifth form of government, the selective plan, is an interesting invention under which a county may adopt any one or more of the features embodied in the first four forms of government as well as any of the features which are optional for inclusion in any of the first four forms of government, thus providing the maximum elasticity possible in the direction of permitting counties to improve their governmental organizations as quickly or as gradually as they may desire.

There are also a large number of options which may be exercised with regard to the transfer of functions from the various units of government within the county to each other or to the county government or to the state. Other options provide for the election rather than appointment of certain officials, as sheriff or county clerk; the broadest powers of contract between various units of government; the combination of units with each other in the joint performance of functions; establishment of a county department of health.

One of the features of the bill is the establishment of a county board of assessment review in a county which adopts one of the first four forms.

"It has been the purpose of the Commission, in accordance with instructions of the legislature," Former Senator Mastick explained, "to design alternative forms of county charters so that practically every county in the state can adopt a form to suit its own peculiar conditions and still be within the general plan developed for all counties in the state."

H. P. J.

*

North Carolina—Results of Good Management.—Durham County is the one county in North Carolina in which the county manager form of government is most nearly realized. Prior to 1930 this county had been borrowing from the banks each year from $200,000 to $500,000 in anticipation of the collection of taxes, and paying from $12,000 to $30,000 a year in interest. Since that time, by careful construction of the annual budget, economy in expenditures, careful buying and taking advantage of commercial discounts, eternal vigilance in the collection of taxes and close daily supervision of budget revenues and expenditures, the county has shifted from the position of borrower to that of lender. Instead of paying out thousands of dollars each year as interest on temporary loans, the county not only has been able to operate since 1930 without the necessity of borrowing money, but it has earned each year from $1,500 to $7,500 on idle money in savings accounts in the official depositories of the county. Aside from the savings effected by operating on a cash basis, the credit of the county has been greatly strengthened and the market value of its bonds enhanced.

The act of the legislature allowing the prepayment of taxes with liberal discounts also has greatly aided the county in shifting to a cash basis.

*

Montana—Saving Through Merging County Offices.—An estimated quarter of a million dollars can be saved annually by Montana taxpayers if they will take advantage of the new county offices consolidation laws, according to estimates made by the Montana Taxpayers Association. The Montana county offices consolidation laws started by a vote of the people in 1934, amending the state constitution, and enabling the electors at any general election to vote to consolidate any two or more enumerated county offices. The 1935 session of the Montana legislature provided the means by which the consolidation could take place.

The consolidation is entirely optional and may be initiated by the voters themselves or placed on the general election ballot by the board of commissions.

In estimating the possible savings the Montana Taxpayers Association sent questionnaires to about fifty competent county officers who, through years of experience, were thoroughly familiar with county problems. In answer to these questionnaires, the fifty county officials estimated that savings could be made in three ways: (1) savings in salaries, (2) more efficient use of personnel including deputies and clerks, and (3) the reduction of costs by elimination of excessive duplication.

*

California—Consolidation Pays.—Los Angeles County, which last year consolidated its forty-six townships into twenty-four units, has demonstrated that money can be saved by reducing the number and increasing the size of governmental units. Roger Jessup, member of the Los Angeles County Board of Supervisors, describes how the California county is now $100,000 ahead, in the current issue of *The Tax Digest,* magazine of the California Taxpayers' Association.

The Los Angeles County township consolidation program was put into effect in January 1935, upon order of the Los Angeles County Board of Supervisors. The County Bureau of Efficiency, which drew up the details of the consolidation, estimated that $91,000 a year would be saved. Actually, however, savings during the first year have totaled more than $100,000. Expenditures for the first six months of 1934, before consolidation, amounted to $231,252. During the first six months of 1935 they were only $173,907—a difference of $57,345.

As proof that the saving is the result of true economy and not merely of retrenchment, County Supervisor Jessup explains that township justice courts and constables' offices are now operating more efficiently than before, even with increased loads. This is a concrete example of what a consolidation program can accomplish. Undoubtedly township consolidation would yield similarly large dividends in many other counties in the country.

*

New Jersey—County Government Costly.—County government in New Jersey cost $54,568,000 in the year 1935. The cost ranged from $10.60 per capita in Bergen County to $31.34 in Ocean County. The median cost was $14.21 per capita and the average $13.50 per capita.

*

Ohio—Property Tax Limitation Forces Drastic Economies.—Because of shortage of funds for operating the government of Hamilton County for the ensuing year, the county board made a horizontal cut of 10 per cent in all departmental appropriations and then allocated funds only for the first three months of the year. Economies were effected in the office of the county auditor by the dismissal of two employees of the staff. The office of county sanitary engineer was consolidated with that of county engineer, and twelve of the twenty former employees of the sanitary engineer's office were released at a savings of $30,000.

Butler County commissioners at their first meeting of the year abolished the position of custodian of the court house and made other changes which will effect a saving of approximately $3,000 annually.

A bill has been introduced in the Ohio legislature which would fix the salaries of county relief directors. In counties having less than 50,000 population, the salary would be $125 per month and an additional $10 per month would be paid for each additional 50,000 population.

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Leading Cities' Finances Improve.—Data on the general financial condition of leading American cities, collected under date of January 4 by the *New York Times* and published the following day, show a picture vastly improved over that of a year ago.

"Pay-as-you-go" policies, particularly in regard to the financing of relief needs, drastic efforts to reduce or at least hold level bonded debt totals, decrease in short-term borrowings, increased collections, and reductions for current operation all are credited with a share of the improvement.

Says the *Times*: "Cities which have adopted a pay-as-you-go policy in financing relief expenditures and have struggled to balance their budgets through economies and emergency tax levies appear to be setting the pace in the restoration of high credit rating and par values for municipal bonds.

"Generally speaking, all cities have been materially helped back to financial stability by the nation-wide business recovery, together with the increase in cash farm income and workers' payrolls, all of which have been reflected in better tax collections from holders of city real estate, increases in other city revenues, and large payments of past-due taxes which were defaulted during the depression."

Heading the list of improvements, naturally enough, was New York City. Here tax collections have shown substantial pick-up, the percentage of the 1935 levy remaining uncollected at the end of the year being 15.77 per cent, as compared with 21.22 per cent at the end of 1934. Reduction of short-term and bonded debt and a refunding operation will save the city $11,000,000 in interest charges over a term of years. The 2 per cent sales tax and the public utility tax not only brought in enough to pay the city's share of relief, but the city will "probably have a small surplus for 1936 needs." Nearly $80,000,000 in past-due realty taxes were paid during the year, with about $40,000,000 expected to be paid during January.

Philadelphia cut its budget deficit to $4,500,000, more than half of the deficit at the close of 1934. All receipts exceeded official estimates. Baltimore ended the year with a $1,500,000 surplus in its treasury, representing savings and unspent moneys from the 1935 budget. This city's 1936 budget will be $1,596,000 higher than that for the past year.

Boston, with $23,000,000 in uncollected taxes, expects a budget reduction, less borrowing for maintenance, no increase in tax rate, and a reduction in welfare disbursements for 1936. Tax collections were 2 per cent higher than in 1934. Boston, it will be recalled, was on the eve of launching a pay-your-taxes campaign last winter, when city fathers decided to muddle through without one.

Cleveland, hamstrung under the Ohio 1 per cent tax limitation amendment, faces an estimated operating deficit of from $4,000,000 to $8,000,000. The new administration of Mayor Harry Burton is expected to submit a special levy proposal to raise some $2,000,000 budgetary deficit remaining from the tax program of the old administration, as well as to issue about $7,000,000 of funding bonds for accumulated obligations and debt service.

Detroit officials conservatively estimate an 80 per cent collection of 1935 taxes. Debt service has been consistently met since the refunding agreement of 1933 and further refunding has been arranged during the past year to secure more favorable interest rates.

In Chicago all tax warrants have been retired with the exception of 1934 corporate warrants now in collection and $21,000,000 worth of 1935 warrants recently sold to local banks. The city sold no 1935 warrants for 1935 financing. The 1936 budget, of $122,142,082, is about $8,000,000 lower than that for the year just ended. School salaries were paid throughout 1935, and provision for the same procedure has been made in the 1936 budget.

Low tax delinquency continued to favor San Francisco, which ended 1935 with a lower tax rate, lower bonded debt, and restored pay cuts for employees. The delinquency rate for the first installment in 1935 was 3.33 per cent, as compared with 5.35 a year before. Final delinquency is expected to be about normal.

*

N. Y. Mayors' Conference Seeks City Stability.—In a program presented to Governor Lehman and the New York State legislature, the New York State Conference of Mayors and Other Municipal Officials asked a three-point platform for "municipal financial stability". It was:

1. Restriction of municipal borrowing power;
2. A prohibition against state action increasing the cost of local government; and
3. A broader municipal tax base.

The first part of the program requests legislation drastically reducing the period for which bonds may be issued, requiring the first payment on serial bonds to be made within a year of the date of sale, requiring an appropriation the first year from current revenues towards capital improvement costs, prohibiting the construction of special assessment projects if 20 per cent of the parcels in the proposed assessment district have unpaid taxes against them, and prohibiting the issuance of bonds for improvements of less than five years' estimated life.

For broadening the tax base, it was suggested that the state either authorize cities and villages to levy a new tax or itself levy one or more and return the revenue to the municipalities, that no change be made in laws which prescribe the share which municipalities receive from state-collected taxes except to increase the share of liquor taxes to villages, that municipalities receive directly a "fair share" of the motor vehicle and gasoline taxes to be used exclusively for construction and repair of streets, bridges, and for snow removal, that the highway law be amended to permit the state to spend funds within municipalities and to secure federal aid also, and that the state constitution be amended to provide that any future state statute increasing the cost of municipal government either be optional with the municipalities or the state provide funds or local taxes other than taxes on property to pay the additional cost.

The report deplored the fact that the relief load of cities is "again on the increase."

*

New Jersey Plan for $27,857,121 Saving.—New Jersey's legislative budget advisory committee, dominated by "Clean Government" Republicans, submitted to Governor Hoffman early in January a plan to carry out its platform of "economies before new taxes" by saving nearly $28,000,000 in next year's state budget.

In addition to looking to the municipalities for $5,000,000, the plan would use some $5,506,702 free surplus of the state general fund (estimated, next June 30), $3,500,000 of federal security aid money, and nearly $500,000 of estimated revenue increases in the 1936-37 fiscal year, while also effecting operating economies of some $1,250,000 in state departments in the first half of the year. It would reduce the highway department's debt service by $2,987,526, effect a $2,800,000 reduction in state aid for new road construction, effect other miscellaneous reductions totaling about $1,335,000 in the department, eliminate over a million dollars by reduction of "matched services" for federal aid, and cut out $3,635,405 by placing the highways on a semi-maintenance basis.

Budget requests for the 1936-37 fiscal year were reduced by the committee from $31,302,663 to $26,193,309, salaries and wages from $13,378,765 to $11,822,045, other recurring expenses from $6,298,149 to $5,507,903, and extraordinary and capital expenditures from $1,474,991 to $931,142. The committee promised to submit five bills introducing permanent economies in the state operation.

*

Centralized Assessment and Collection for New York Units Offered.—In a bill providing for optional forms of county government introduced in the New York State legislature on January first by State Senator Thomas C. Desmond, provision is made for the consolidation of all tax assessing and collecting procedures under the county commissioner of finance.

The provision is contained as an optional feature of the bill, and if adopted by a county adopting one of the bill's main forms of county government would permit the county to make a single assessment of property valuation which would be used for all tax levies by all units within the county. It would also permit the county to serve as the single collecting agency, abolishing the duplicating array of collectors and receivers of taxes in towns, villages, and special districts.

Another optional provision of the bill would enable the use of a single unified county budget, in which would be included the appropriations and anticipated revenues of all towns and special districts within the county, and over which the commissioner of finance, as budget director, would have budgetary control in regard to requiring estimates and work programs.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

P. R. and Cincinnati's Mayor.—Newspapers throughout the country carried the story that Cincinnati went without a mayor from January 1 to January 8, when Russell Wilson, the distinguished leader of the City Charter Committee councilmen, was elected by the council for a third term. Because this situation has been interpreted as an argument against proportional representation, by which the 4-4-1 council was chosen,[1] it may be well to consider it with some care.

At the first meeting Rev. Herbert S. Bigelow, elected as an unattached independent at the P. R. election last fall and holding the balance of power between the Charter Committee and Republican organization delegations, announced terms on which he would coöperate with either side in organizing the council. Neither side was willing to meet these terms and two meetings were held without a mayor, who is chosen by the council as its president under the city manager plan, being chosen. The vote on each ballot was 4-4-1. Meanwhile, no great harm was done, for City Manager Dykstra, in charge of the actual administration of city business, serves indefinitely unless removed by the council, which no one proposed.

At the third meeting Mr. Wilson received Mr. Bigelow's vote under a compromise agreement which gave Mr. Bigelow most of what he had asked to further the municipal ownership and tax reform ideas of himself and his constituents and which nevertheless committed the Charter group to nothing inconsistent with its principles and ideals. Mayor Wilson himself announced the terms of the compromise:

1. Appointment of Mr. Bigelow as chairman of the public utilities committee. The other two members are Willis Gradison, able Republican opponent of municipal ownership, and Mayor Wilson, who says that he would like to avoid municipal ownership but in a choice between municipal ownership of utilities and utility ownership of municipalities would prefer the former.
2. Full coöperation with Mr. Bigelow in determining all the pertinent facts as to the availability of TVA power and other utility questions, with the assistance of the city's legal and engineering staffs and, if necessary, outside experts.
3. Full publicity on the facts so obtained.
4. Coöperation with other cities in an attempt to secure city home rule in taxation. (Mr. Bigelow wants this to open the way for heavy taxation of land values, as distinguished from improvements. The Charter members do not commit themselves to any specific use of home rule.)
5. Restoration of salary cuts of city employees as soon as practicable and further increases for any who are below standard wage scales. (The Charter members do not believe that present city scales are too high even at the top and therefore decline the reductions in the higher brackets which Mr. Bigelow suggested.)
6. No interference with the civil service or with the administrative responsibilities of the city manager. (This has always been a cardinal principle of the City Charter Committee. It is the one principle on which most change was expected by many in case the Republican organization gained control.)

This would seem like a reasonable adjustment of differences between groups which had much more in common than kept them apart, but the fact that Mr. Bigelow was able to exact any terms at all has been cited as an argument against the minority representation which put him in the council. This argument was considered in a letter to the New York *Times*, which the *Times* printed nearly in full on January 15:

To the Editor of the New York *Times*:

As one of those working for the adoption of proportional representation in New York City, as a means of giving fairer representation to different groups of opinion instead of the present absurd distortions, I was of course keenly interested in your editorial of January 11, entitled "'P. R.' in Cincinnati."

You outline as if damaging to the case for P. R. the present situation in Cincinnati, in which the council is split 4-4-1 among three groups and in which the lone independent was able to secure the acceptance of his terms by the City Charter Committee group in return for his vote to re-elect Mayor Russell Wilson.

This situation appears unfortunate only when compared with the united good government majorities of the last ten years under P. R. and not when compared with the situations which preceded the advent of P. R. or with the situation which would have existed this time had it not been for P. R. In the old days the good government forces, because divided by national party lines, got little or no representation, and this year's election presented a situation where pretty clearly there would have been an end to the good government regime had it not been for P. R.

---

[1] A discussion of the election was carried in this department last month.

In the fall election the independent Charter slate polled slightly fewer votes than the Republican organization slate, neither one, however, having a clear majority of the votes because of the substantial vote which went to Rev. Herbert S. Bigelow. If Mr. Bigelow had been running under a plurality plan of election the Republican organization would have elected its slate on a minority vote. If he had not been running it is still probable that the Republican organization would have elected its slate, because more of the surplus votes which Mr. Bigelow did not need to elect him were transferred eventually to Republican organization candidates than to Charter candidates, indicating that the organization would have had more than an even split of those votes if he had not been running. Proportional representation made it possible for those former supporters of the reform government who had become dissatisfied with it to elect an independent enemy of the spoils system as a minority representative instead of going over lock, stock, and barrel to the enemy as the only effective means of protest.

As a result, instead of having a gradual or speedy return to the spoils system, we have for another two years a continuation of the merit system and the general course of good government that has made Cincinnati famous under P. R. Instead of upsetting the apple cart completely those who were dissatisfied with what they considered the too conservative attitude of the City Charter Committee have been able to modify it in certain respects in which they believed it needed modification, leaving its important virtues unblemished.

The compromise which the Charter Committee has made—and after all there is never any possibility of a cohesive majority under any situation without some compromise on non-essentials—was not a compromise on major principles. There can be no harm in investigating a utility situation and no pledge has been given as to final action. Since Mr. Bigelow is himself a man of high principle, however much one may disagree with him, and has been known for years as an inveterate enemy of the spoils system, there is every reason to anticipate that Cincinnati's good government regime will continue in full force. For this P. R. is clearly responsible.

When one compares the essentially wholesome if temporarily disquieting situation in Cincinnati with the situation in Congress, in which a minority (whether one agrees with it or not) has been able to hold a whip over nearly all the members on the bonus issue because it holds the balance of power in nearly every district under the plurality plan, it should not be difficult to see that giving minorities their fair share of influence and no more is a consummation much to be desired.

Sincerely yours,

George H. Hallett, Jr.,
Secretary of the Citizens Union

*

The Last British Election Strengthens the Case for P. R.—(*Excerpts from "The General Election and Constitutional Reform," by John H. Humphreys, secretary of the British P. R. Society, in the Contemporary Review, London, for January 1936.)*

The election [of the House of Commons on November 13, 1935] illustrated afresh how little room there is under our present electoral system for generous action. A rumour gained currency in the Darwen division that Mr. Baldwin desired the return of Sir Herbert Samuel to the House of Commons. Pressed for a denial, Mr. Baldwin sent the message demanded by the party organization that he desired the return of the Conservative candidate. It is difficult to believe that Mr. Baldwin would not have welcomed the return to the House of Commons of so able a parliamentarian as Sir Herbert Samuel, but the electoral system placed Mr. Baldwin in a dilemma. In a single-member constituency only one man, only one party, can win, and Mr. Baldwin, in accordance with the rules of the game, supported the nominee of his party. Similarly the rules of the game constrained Sir John Simon, Mr. Walter Runciman, and Mr. Hore-Belisha, National Liberal members of the Government, to support Conservatives where these were standing in opposition to Mr. Isaac Foot and to other Opposition Liberal candidates, formerly their colleagues. This course caused much resentment. In Glasgow feeling rose high when the official Labour

Party attacked the constituencies held by Mr. Maxton and his I.L.P. colleagues. In constituencies where Opposition Labour was opposed to National Labour, the contests were not only bitter, but were marked by a persistent suppression of speech. Mr. Ramsay MacDonald, Mr. J. H. Thomas, and Mr. Malcolm MacDonald were on many occasions unable to make themselves heard.

Minorities Suppressed

Suppression of speech at election meetings is contrary to the spirit of democracy. But does not our electoral system lead to suppression of speech still more serious because enduring for a period of years? Large numbers of voters may for the lifetime of a Parliament have no one to present their views to the House of Commons. In the eleven southern counties of England, stretching from Kent to Cornwall, the seventy-nine contested constituencies gave the following result:

Party	Votes	Seats
Government	2,068,323	77
Labour	836,573	0
Liberal	320,307	2

More than 800,000 Labour electors living in the south of England have no spokesmen in the House of Commons. On the other hand the eleven county divisions of Durham are held exclusively by Labour. It is often contended that the incomplete representation of the people in one part of the country is offset by incomplete representation elsewhere. But both Conservative and Labour voters in the south of England have a different experience of life from Conservative and Labour voters in Durham; a truer view of the result is that representation in a full sense of the word is incomplete; there is no real compensation in human values.

Distorted Representation

In point of mere numerical strength, the failure of the principle of compensating errors leaps to the eye in a comparison of the votes cast and the seats won in the country as a whole. The figures for the 575 contested seats in Great Britain and Ireland were as follows:

Party	Votes	Seats	No. of votes per seat obtained	Seats in proportion to votes
Government	11,789,575	405	29,000	308
Labour	8,325,446	141	59,000	217
Liberal	1,443,112	21	69,000	38
I.L.P.	139,517	4	35,000	4
Others	299,800	4	—	8

Every member of Parliament on the Opposition benches represents on the average twice as many voters as every supporter of the Government. The electoral system reduced Labour representation by over seventy members. It reduced Liberal representation by nearly one-half (without taking into account the fact that the country was, as far as the Liberal party was concerned, only one-quarter contested). What would have happened under proportional representation? There were forty uncontested seats, of which the Government held twenty-six. Including a liberal estimate of the voters likely to support the successful party in each uncontested area, the Government's majority, instead of being some 250, would, on a strictly proportionate basis, have been less than sixty. . . . The strength of the Opposition would have been increased by nearly 100 members. Moreover, it would have been strengthened in its personnel. The leader of a party like Sir Herbert Samuel would have been elected. Prominent members of the Labour party, now defeated, would have been returned to Parliament.

Elections Now a Gamble

A marked feature of the present system of election is the uncertainty of its working. It is irregular even in its irregularities. With the same mass of voters supporting the various parties, the election result might well have been very different from what it was, so much does the net result depend upon the way in which political forces are distributed. In southern England, the 836,000 Labour voters secured no representation because they were spread fairly uniformly over the whole of the area. In the West Riding of Yorkshire the same number of Labour voters, fortunate in possessing local majorities in certain areas, won twenty-four seats. In London a smaller number of Labour voters, namely 760,000, won twenty-two seats. If the voters of the different parties had been distributed uniformly over London, the Government could have won every London seat with a comfortable majority of 2,000. That would have been a triumph, perhaps, for the successful party, but not for democracy.

Mr. J. S. Middleton, Secretary of the Labour Party, speaking in London a few days after the election, made the following comparison of Labour successes in recent elections.

"Ours is an extraordinary electoral system," he said. "In 1929, Labour, with 7,750,000 votes, had 300 seats; in 1931, with 6,250,000 votes, it had forty-six seats; whilst this year, with 8,250,000 votes, it secured 154 seats. I venture to say that there is no bigger gamble on earth than a British general election." The comment recalls some words of Mr. J. L. Garvin, who, in the *Observer,* described our electoral system as being "one of the most discreditable electoral systems in the world." "We stake upon a gambler's chance," he said, "the control of the House of Commons, and the management of Imperial and Foreign affairs, as well as social." . . .

It is the composition of the House of Commons that shapes our history today, that determines decisions on vital national and international questions. The election result of 1935 will leave its mark. The future of the League of Nations was an issue in the election. The forces in this country that are under-represented in Parliament are those which are strongest in their attachment to the League of Nations. Suppose the majority of the Government had been but sixty instead of 250, and that the pro-League forces amongst the Conservatives, as well as among the Opposition parties, had been fully represented in numbers and in personnel. Would not this have had an influence—even a determining influence—on the attitude taken by the British Government in matters affecting the League? Would not a fairly representative Parliament have conveyed to foreign nations a truer picture of public opinion? Would it not have influenced the attitude of the Government in the negotiations with France and Italy which immediately followed the election?

A Practical Solution

A common objection to the fair representation of political forces in the House of Commons is that it would, or might, bring about a great increase in parties. The proposals recommended for Great Britain afford little, if any, ground for an objection of this kind. The constituencies will be self-contained units corresponding in many cases with natural and administrative divisions. Generally speaking, the constituencies will return from three to five members each. There will be no room for any group which does not command the support of a very considerable proportion of the voters in a given area. Lord Ullswater [chairman of the Speaker's Conference on Electoral Reform in 1930,] referring to these proposals in the House of Lords, said:

> The Committee spent at least ten meetings over this, and at last a decision was taken. That resolution would to a considerable extent meet the grievances which the Conference had set out to try and overcome, namely, the gross under-representation of great bodies of citizens on whom the franchise had been conferred.

The resolution in question declared that any electoral reform should include proportional representation with the single transferable vote. The proposals are designed to meet substantial grievances in a practical way.

University Elections for the House of Commons

In the University elections, we have examples of proportional representation at work on a limited scale. For a long period prior to the introduction of proportional representation in 1918, all the Universities entitled to return members elected none but Conservatives. The majority monopolised the representation. The use of P.R. in 1929 enabled Miss Rathbone to be elected as one of the representatives for the Combined English Universities by virtue of the support of a large minority exceeding one-third of the whole. In the general election of 1935, Mr. A. P. Herbert was returned in spite of the fact that the Conservatives, who were in a majority, nominated two candidates; Mr. Herbert was returned, like Miss Rathbone, by virtue of the support of a number of voters exceeding one-third of the whole. The success of the transferable vote system in producing a more complete representation in the University constituencies is the more noteworthy in that there is little scope for proportionality when no more than two members are to be elected; there will be more scope in constituencies returning three, four, or five members. But even in the latter constituencies a candidate, in order to be elected, will have to poll a very considerable number of votes.

The Outlook for P.R.

What are the possibilities of proportional representation being adopted by this Parliament? In reply to questions on electoral reform addressed to him by electors in his constituency, Sir Kingsley Wood, Director of the Government Publicity Campaign during the election, stated:

> The experience of the Ullswater Conference has shown that it is difficult to obtain agreement on proposals for electoral reform. If, however, it is decided that a change should be made in the present system of parliamentary election, I would consider favourably proportional representation in preference to any other change.

From the fact that other Conservatives replied in similar terms, it would appear that the statement was framed in an approved form. A number of Labour candidates indicated their agreement with the general proposition that their political opponents, as well as their political friends, were entitled to a fair share of representation, and were willing that an inquiry should be made. The Liberal Party supported proportional representation in their election manifesto. . . .

*

P. R. Proposals in Two Legislatures.—Representative Christian Herter of Boston has re-introduced in the Massachusetts legislature the bill to make P.R. optional by petition and popular vote for the Boston council and school board and the corresponding Hare system of majority preferential voting (the "alternative vote") optional for the election of the mayor. With it he has introduced a new bill to make the same methods optional by petition and popular vote for cities and towns of over ten thousand population. The Boston bill is once more arousing considerable interest and support.

In the New York legislature Senator Thomas C. Desmond of Newburgh has included P.R. for county boards of supervisors as one of the options in a comprehensive bill to permit reorganizations of county and local government under the new powers of the county home rule amendment to the state constitution approved by the voters in November. This bill will be seriously considered along with less far-reaching bills with similar purpose which do not include P.R. (See also p. 102.)

*

Westchester County Charter Commission.—In its preliminary report of January 20 to the Westchester County, New York, board of supervisors suggesting a plan for the modernization of local government within the county, the Westchester County Charter Commission (Carl H. Pforzheimer, chairman) endorsed the principle of P.R. but did not recommend its immediate adoption. The report said:

> "The Commission believes that all legislative bodies within the county should be so elected as to represent majority, minority, and independent groups in proportion to their voting strength. Apparently this can best be accomplished through giving the citizens the opportunity to vote for several candidates by expressing their first, second, third, and further choices under the system which is known as proportional representation. It is evident, however, that this method of voting cannot be applied to the township councils until it is also applied to the city councils. To do so would enfranchise the minority in one part of a federated county government while the minority remained disfranchised in the other part. In fairness to all, we suggest that township elections be at large until such time as proportional representation also becomes effective in the cities."

The cities have power to adopt P.R. by local law. The commission's reason for wanting to keep election methods uniform in the four cities and the two proposed towns is that the proposed county board of supervisors would be composed of city and town representatives *ex officio*.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

American Public Utilities Bureau.—The director of the Bureau, John Bauer, has just completed a report to the council of the city of Pittsburgh on the "Conditions and Requirements of Modern Mass Transportation in the Pittsburgh Districts." The expiration of the street railway company's franchise on February 1 of this year was the immediate occasion for this survey. The city also felt that the desirability and practicability of shifting mass transportation primarily to gasoline bus operation should be thoroughly investigated at this time.

Some of the findings of this survey are of general interest. Since 1924 street railway revenues have declined over 45 per cent. Notwithstanding a business recovery of about 50 per cent in the Pittsburgh district from the latter months of 1932, street railway revenues now continue on the low level reached during these months. The increase in passenger travel due to business revival has gone to automobiles.

It is estimated that in the Pittsburgh district buses could be operated for 29 cents per bus-mile, including maintenance and depreciation plus 3 cents for return on total investment or a total over-all cost of 32 cents. Street railway costs in 1934 amounted to 35 cents per car-mile for operating expenses including maintenance and depreciation. If the allowed 6 per cent return on total investment had been earned, the cost per car-mile would have been 14 cents making the total over-all cost per car-mile 49 cents.

The report stresses the economy and flexibility of bus transportation and the comfort of modern buses and recommends that street cars gradually be replaced by buses. Recommendations as to the rate of conversion and the terms which should be incorporated in the new franchise are set forth in considerable detail.

*

Schenectady Bureau of Municipal Research.—Two recent reports have been published by the Bureau as separate pamphlets. One deals with the cost of living in Schenectady and in Erie, Pennsylvania. The Bureau frequently compares governmental costs in Schenectady with those in Erie, these cities being similar in size and industrial complexion, and realized a need for a detailed, up-to-date study of the cost of living in the two cities. The study revealed that in spite of lower taxes in Erie rents were appreciably higher than in Schenectady. The total cost of living for renters is about 3 per cent *lower* in Schenectady than in Erie. Lower rents, lower coal prices, and lower electric rates more than offset higher prices for food and miscellaneous items. The cost of living for home-owners, however, is estimated to be 5 per cent *higher* in Schenectady because lower coal and electricity prices are not sufficient to offset higher taxes and higher food prices.

Another recent Bureau report brings together forty suggestions for correcting as many inadequacies of the city government. The adoption of a city manager charter makes the time propitious for correcting these defects. The program includes suggestions relating to auditing and long-term financial planning, assessment procedure, purchasing, handling of compensation and damage claims against the city, administration of elections, police and fire protection, etc.

The November and December issues of the Bureau's monthly *Bulletin* dealt with various matters relating to the city manager form of government and the effect which the adoption of the new charter will have upon the organization of the city.

*

Tennessee Taxpayers Association.—The Association's fourth annual survey of the finances of the state was recently completed and made available in mimeographed form to the governor, state administrative officers, all members of the legislature, and citizens generally including editors and every teacher of government in the high schools, colleges, and universities of the state.

The 1935 survey-report which is similar in content and arrangement to the three preceding association analyses of the state's income and expenditures contains a detailed statistical section comparing expenditures and revenues of the biennium ending 1933, and the biennium ending June 30, 1935, department by department and office by office.

In the section devoted to general comments the Association points out that state expenditures for the 1933-35 biennium have been approximately $10,000,000 less than the expenditures of the two preceding years, and that the budget for the 1935-37 biennium continues this low level of expenditures. Credit is given to the governor and the legislature for the adoption of this economy program. In spite of this fact, however, expenditures are still exceeding revenues.

The Association hails the state's new central accounting system providing controls to keep expenditures within budget allotments as "the greatest forward step taken in the financial management of the state government in the last ten or twelve years." The Association, upon request, participated in the installation of the system which was made effective October 1, 1935. The Association is now urging that the central accounting system be extended to include the coördination of such accounting records as must still be kept in the various state institutions and departments.

In 1923, following a survey of the state by the Institute of Public Administration, the state passed the reorganization bill which among other things required that the governor and his budget officer prepare and transmit to the legislature a proposed budget. However, the Taxpayers Association has found that actually the state budgets adopted prior to July 1, 1935, were drafted by the finance committees of the successive legislatures. The Association is now advocating the establishment of a budget bureau, headed by a director appointed by the governor for a four-year term at a salary commensurate with a high degree of responsibility. The Association believes that such an office could save from a quarter to a half-million dollars annually.

Reorganization of the revenue collecting machinery of the state is also urged. The reorganization bill of 1923 centralized all revenue agencies in the department of finance and taxation and was a distinctly forward step. But the Association reports that this department "more than any other" was promptly made the catch-all for those employees placed on the payroll for political considerations. The Association finds the present internal organization of the department of finance very unsatisfactory. One basic difficulty is that a separate unit deals with each type of tax. The Association presents a series of recommendations for the complete reorganization of this department.

The Association's report also contains recommendations for setting up centralized purchasing procedures, a system of pre-audit of payrolls and expense accounts, and a system for adequately controlling the use of state-owned automobiles, classification and rating of all state employees, and a complete reorganization of the prison industries.

At the present time the Association is conducting a state-wide survey of local government and is drafting a series of bills designed to correct certain specific defects or difficulties in the administration of existing laws governing the conduct of city and county government. In the spring the Association will hold three conferences on local government problems—in Knoxville, Nashville, and Jackson.

*

Research Division of the Law Department of the City of Chicago.—The annual report of Chicago's Corporation Counsel tells of the creation early in the fall of 1935 of a research division. Dr. Albert Lepawsky of the political science faculty of the University of Chicago is the director of this division. Although he is devoting only part of his time to this position he has a staff of several full-time assistants, all of whom have had special training in the social sciences and public administration.

One of the first tasks of the research division was the complete reorganization of office routines and records. This reorganization was necessitated by the consolidation of six separate municipal legal agencies under the corporation counsel. The consolidation of these formerly independent legal offices has made possible a better distribution of investigational and legal work among members of the staff and bids fair to save the city money both by reducing legal expenditures and by providing the city with a more adequate legal service.

The law department of any city is one of the most important agencies of internal administrative control. This seems to be particularly true in Chicago. The law department therefore may be a strategic point at which to set up a municipal research unit. The research division has been in existence only a few months, but in addition to its work on the reorganization of the office procedures, it has begun a comprehensive survey of every activity of the law department, and has digested and indexed all opinions prepared by the department during the past six years. A complete revision of the municipal code is contemplated.

*

Municipal Research Department of Ludlow Manufacturing and Sales Company.—Ludlow, (1930 population, 8,876) is one of twenty-three towns in Massachusetts having what is known as the "representative town meeting" form of government. This form is similar to the more customary "large council" form of city government except that it admits administrative officers to its ranks, lacks certain features that mark the conventional legislative assembly, i. e., it rarely operates through standing committees, lacks procedural requirements and has no responsibility toward any executive and always sits in the presence of its constituents.

John F. Sly, at present director of the Princeton University Local Government Survey, made a thorough analysis of town government in Massachusetts in 1928. Now E. E. Mariner, director of municipal research of the Ludlow Manufacturing and Sales Company, has brought Mr. Sly's work up to date in so far as it pertains to the representative town meetings. His report analyzes the legal provisions governing precinct voting, the number of elected representatives in the town meeting (this number varies from 54 to 299; the average is 204), the election of members at large, the conduct of meetings, and the holding of special referenda.

Mr. Mariner is now editing a regular bulletin for the local civic association.

*

Institute for Government Research of the Brookings Institution.—The Institute's sixth comprehensive state survey—of Oklahoma—completed in June 1935, has just been published. Other states surveyed during the past ten years by the Brookings staff are North Carolina, Alabama, Mississippi, New Hampshire, and Iowa.

The survey was financed by a fund of $57,000 raised by voluntary contributions from Oklahoma citizens. It was organized and initiated by Arnold Bennett Hall, director of the Institute. When Mr. Hall was forced to retire to his home because of illness, Lewis Meriam assumed the role of acting director for a period of several months. Then A. C. Millspaugh, also of the Brookings staff, was appointed survey director. Other members of the Brookings staff who collaborated on this project were Fred W. Powell, Henry P. Seidemann, and Daniel T. Selko. In addition, a number of specialists were brought in to prepare special sections of the report. Herbert Simpson of Northwestern University studied the tax system with the assistance of Jens P. Jensen of the University of Kansas; L. V. Cavins of the West Virginia State Department of Education prepared the chapters on public school administration; Roy M. Brown of the University of North Carolina prepared the chapter on public welfare administration; James G. Townsend of the United States Public Health Service wrote the section on public health; Edward Middleton of the United States Division of Subsistence Homesteads contributed the chapters on highway administration and Joseph P. Harris of the Committee on Public Administration of the Social Science Research Council, the chapter on election administration.

Some of the major recommendations of the survey relating to administration reorganization are: (1) that the office of state superintendent of public instruction be made appointive by the state board of education instead of elective; (2) that school districts be abolished and county boards of education substituted therefor, such boards to be empowered to appoint the county superintendents of public instruction; (3) that the control of all welfare activities of the state be concentrated in a state board of public welfare; (4) that county welfare activities be centralized in welfare boards named by the county commissioners; (5) that the office of sheriff be made appointive by the district courts; (6) that municipal chiefs of police be appointed by the state department of justice in accordance with a merit system; (7) that a state board of health be created; (8) that the requirement that practically all important appointments of the governor must be confirmed by the senate be eliminated; (9) that county commissioners be elected at large instead of by districts and their salaries reduced or eliminated; (10) that a state personnel board be created and a system of centralized purchasing established.

The complete report, a 500-page document, is being sold for $4 by its publisher, the E. W. Marland Good Government Fund, State Capitol, Oklahoma City.

*

Pennsylvania Economic Council.—The Council has recently published a revised edition of its report on local governmental units in Pennsylvania. This report contains tables showing the number and types of governmental units in each of the sixty-seven counties of the state, and tables and maps giving the population, population density, and area of each county. Data with reference to the population, classification, and location of cities, boroughs, towns, townships, school districts, and poor districts are also concisely stated in this report. The report should prove useful to the legislative commission which is just beginning its study of various proposals for the reorganization and simplification of local government in Pennsylvania.

The Council has also recently republished in mimeograph form the preliminary report of the Educational Costs Survey Committee of the House of Representatives first issued last summer. A joint committee composed of senators as well as representatives is now studying school costs in Pennsylvania and the problem of state aid.

*

California State Chamber of Commerce.—The Chamber's "Committee on Better Administration of Justice" has recently published a pamphlet outlining the "crime control" program which it evolved and the results which have been achieved during the first year of its operation.

The "crime control" program consisted primarily of four measures which were adopted as constitutional amendments by the voters of the state at the November 1934 elections. The essential features of this program are: (1) a new method of selecting judges which combines certain features of both the elective and appointive methods; (2) an extension of the powers of the state attorney-general, bringing sheriffs and other law enforcement officers under his supervision; (3) permission for the judge and the district attorney to comment to the jury upon the failure of an accused person to take the stand in his own defense, and for the judge to comment to the jury on the evidence introduced in a case; and (4) permission for a defendant charged with the commission of a felony to admit his guilt when first brought before the committing magistrate instead of having to wait until his arraignment in the superior court.

The educational campaign carried on for the adoption of this program involved the preparation of a forty-page speakers' manual, the mailing of 122,000 digests of the proposals, and of 100,000 reminder cards to as many voters, preparation of newspaper releases for the 300 daily and weekly newspapers of the state, widespread use of the slogan "Curb Crime," and use of billboards and the radio.

The Chamber's present pamphlet attempts to evaluate these measures and to estimate what they have or will accomplish to reduce expenses and increase the efficiency of the courts and law enforcement machinery.

MANAGER GOVERNMENT IN PENNSYLVANIA

(Continued from Page 84)

ough clerk and secretary to council for the borough of Clifton Heights, "This form of government (borough manager) worked out wonderfully in this borough but for some unknown reason ordinance No. 204 was passed." This ordinance repealed the one creating the office of borough manager.

This same indefiniteness is found in the cases of Coraopolis, Dormont, and Philipsburg. In Jersey Shore the manager resigned to become postmaster and with his resignation the councilmanic committee system was again put in operation.

OPTIONAL MANAGER LEGISLATION

Various bills to permit managerial government are regularly introduced into the two houses of the Pennsylvania legislature. Mr. John L. Holmes sponsored a bill to enable boroughs to adopt this type of local control upon a vote of the electorate after a petition of 2 per cent of the qualified voters. Mr. Holmes says, "This bill is approved by the State Association of Boroughs and the State Chamber of Commerce. The backbone of the city political leaders is being broken and the day will come when such a bill as mine will enable all boroughs to have a borough manager."

This prediction has not yet been realized. However, the future growth of manager government seems assured in Pennsylvania and such development will probably be under some plan permitting the adoption by charter instead of ordinance.

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Tax Systems of the World. Edited by the Tax Research Foundation. Chicago, Commerce Clearing House, Inc., 1935. 365 pp. $15.00.

A foundation stone for the library on taxation is this volume which presents in tabular form a summary of taxation throughout the world. Arrangement of the information by states and countries and also by types of taxes makes it particularly convenient for reference.

In the year 1935 in which the legislatures of forty-seven states met in fifty-six sessions, a large amount of tax legislation was enacted in this country. This, as well as the laws and changes enacted by Congress is included in the sixth edition of "Tax Systems of the World." Other new material includes tables covering state estate and gift taxes, property tax exemptions, taxation of motor carriers, the revenue produced by various types of taxation, and limitations on taxation. Two hundred tax authorities collaborated to make this source book possible.

*

Government and the Consumer. By Beatrice Pitney Lamb, Washington, D. C. The National League of Women Voters, 1935. 51 pp. 25 cents.

The problem of protection for the consumer in the fields of the public utilities, railroad rates and securities for investment, has been given a certain amount of attention by the government. This pamphlet focuses attention upon the need for similar consumer protection in the direct purchasing of goods at retail stores. It is an attempt to bring to the attention of the average buyer the steps which have so far been taken to prevent him from being exploited by the producer and by creating a consumer-consciousness, to pave the way for more effective buying in the future.

The study urges the necessity for a fundamental shift of emphasis in public thought from the interest of the producer to that of the consumer, who after all forms the largest group in the economic structure. Consumer rights in regard to the quality, quantity, and price of goods must be considered seriously in the future. The protection of quality can be treated much more adequately through the establishment of a mandatory grading system of all classes of goods under federal supervision.

Another essential step is the development of a coördinated government program of consumer information in regard both to quality and price. Moreover, there should be consumer representation in the administration of government policies toward industry and agriculture. Heretofore little account has been taken of buyers as a definite group whose demands should be considered. They, themselves, are to blame. They are the weakest group in society because they are not conscious of their unity. Only through organization can effective protection be achieved.

Besides its suggestions for the future, the pamphlet is of value for the general survey it gives of the steps taken so far by the federal government to insure fairness to the consumer. Though admittedly inadequate, they are more comprehensive than is ordinarily believed.

L. S.

*

Greater Safeguards for Public Deposits. By Martin L. Faust. Chicago. Public Administration Service, 1936. 45 pp. 50 cents.

Existing safeguards for public funds are of little real value, and real protection for the bank accounts of state and local governments would involve reform of the entire national banking system, according to this study. In the meantime, however, it is possible for governments to improve the safeguards for public deposits, as well as mend their own financial practices.

Professor Faust criticizes eight different devices which governments have used as safety checks for public deposits. Certain other methods of safeguarding public funds now in use he considers better. He points out that the state-owned banks of Delaware and North Dakota weathered the economic crisis without jeopardizing the safety of their public deposits, and expresses the opinion that this scheme deserves further trial, "perhaps by coöperative action on the part of local governments within a region or by individual states."

In his opinion federal reserve banks could properly be used as depositories by all governmental units. He advocates, too, that the present federal insurance of public deposits up to $5,000 be extended to cover public deposits in full, the cost of additional insurance to be assessed against the total amount of public deposits insured.

Finance officers should learn to time receipts and expenditures properly to reduce the necessity of deposits; and they must be able to forecast in accurate estimates for months in advance the cash requirements of their governmental units.

The author adds that "in both state and local governments adequate provision for audits, abandonment of the system of elective treasurers, and the creation of an integrated financial structure permitting effective centralized fiscal control would tend greatly to eliminate the hazards that jeopardize the safety of public funds in banks."

*

State Administration in South Carolina. By James Karl Coleman, New York. Columbia University Press, 1935. 299 pp. $3.50.

How can a state increase its administrative efficiency? An answer is provided in Dr. Coleman's proposals for the reorganization of state government in South Carolina. As a study of the evils inherent in a loosely coordinated administrative system, and as a practical and detailed outline of a method through which these evils may be abolished, this monograph will be of decided interest to all concerned with the problem of state reform.

The general plan proposed by Dr. Coleman follows the recent trend in certain other states and in the federal government toward a centralization of responsibility in the hands of the chief executive. Although administrative inefficiency due to diffusion and lack of integration in the governmental structure is not peculiar to South Carolina, the author feels that it has here reached undue proportions. The overlapping of agencies has resulted in a duplication of effort, unnecessary expenditures, and a structure so complex that neither the general assembly nor the public understands it.

To counteract such conditions, Dr. Coleman advocates a fourfold process of integration, which includes an increase in the administrative function of the executive, the departmentalization of present scattered administrative units, the establishment of an effective system of financial control, and the coördination of activities through a cabinet system.

Under direct control of the governor, according to the plan, would be thirteen administrative units. The heads of these departments would be appointed by the governor with the advice and consent of the senate and would carry out the policies of the governor through technical staffs of state service employees selected by means of examinations.

Dr. Coleman urges that public officials be appointed instead of elected, and advocates a short ballot as an imperative step toward the simplification of the machinery of popular control. In effecting economy, the executive type of budget is presented as an obvious necessity in a scheme of state reorganization. The governor, as the agent who carries out the plan of the budget, should have control over its formulation.

An arrangement for the revision of the revenue system is based on confining the sources of taxation to income, property, and business, and the rejection of the sales tax. In the field of industrial relations, Dr. Coleman recommends an industrial commission to arbitrate labor disputes. He further advocates an expanded public health program, and a coördination of all welfare institutions under a department of welfare. L. S.

Municipal Finance Legislation. By Irving Tenner, Municipal Finance Officers' Association. Chicago, Public Administration Service, 1935. 44 pp. 60 cents.

In this pamphlet is given a "bird's-eye view" of the measures passed last year by the state legislatures attempting to regulate and improve fiscal conditions of municipal and state governments. Following a brief summary of the outstanding legislation concerning taxation, new sources of revenue, accounting and budgeting, municipal pensions, and tax and debt limitations, the author classifies the various acts under subject and state headings. Each is reviewed in four or five lines.

Conspicuous among the new laws are those providing debt specifications, tax and expenditure limitations, new sources of local revenue, old-age pensions for municipal employees, and relief for the heavily indebted municipalities.

A. F. J.

*

Business and Government. By Charles C. Rohlfing, Edward W. Carter, Bradford W. West, and John G. Hervey. Chicago, Foundation Press, Inc., 1935. 605 pp. $4.00.

So many and varied have been the recent steps in the rapprochement of business and government that the authors of this volume, three faculty members of the University of Pennsylvania and Dean Hervey of Temple University, have thought it advisable to make extensive revisions in the text, although the second edition appears only a year after publication of the first. It is intended primarily as a college textbook drawing together from the fields of government, public finance, applied economics, labor legislation, and money and banking what is pertinent to a clear understanding of the significant points of contact between business and government.

Discussion of important 1935 legislation and decisions of the United States Supreme Court affecting the New Deal augment the material presented in the first edition. There are new chapters on public utility holding companies, governmental competition with private enterprise, highway and air transport regulation, public expenditures and business, government control of credit, and social security.

Training for the Public Service. Report and recommendations of a conference sponsored by the Public Administration Clearing House. Edited by Morris B. Lambie. Chicago, Public Administration Service, 1935. 49 pp. 50 cents.

As the duties of public officers become more technical and involved in the wider aspects of political and economic life, increasing thought is being given to the necessity for specialized training of those who wish to build a government career. Special schools, bureaus, institutes, and departments for this preparation have sprung up in various parts of the country, but there has not yet been developed a generally acceptable plan for study. It was to consider the best types of such education and training that the Public Administration Clearing House sponsored a conference last summer at Princeton.

An isolated university or college program for public service training is unwarrantable, the conference concluded. Such training can and should be given within the already existing divisions of the institution. It is possible to equip young men and women for ultimate high administrative positions only by presenting them with the general and technical problems of government as part of a general course designed to fit them for association and work with educated men and women in every walk of life.

Following a period of broad undergraduate study, the conference recommended graduate study in several specialized fields relating to government. During this time an "interneship" in some department of government under the supervision of the educator coöperating with the administrator would give the student an opportunity to apply his learning to actual situations that he may later have to meet alone. An apprenticeship as a regular employee of some division would be the next step at the end of which the "career" student would find his foot on the first rung of the ladder. His education would be continued through "in-service training."

A closer relationship between the universities and the government with respect to placing and advancing these career students is necessary if the plan is to work, the conference pointed out.

A. F. J.

State Control of Local Finance in Massachusetts. By Royal S. Van De Woestyne. Cambridge, Harvard University Press. 178 pp. $2.50.

Originally written as a thesis for a doctorate at Harvard in 1932, Dr. Van De Woestyne's study is chiefly valuable as a concise, careful description of the historical development of state control of local finance in a state in which extensive control over nearly all phases of local municipal finances has developed over a long period of time. Massachusetts local governmental units have been and remain strong and independent but intelligent coöperation on their part has aided in the establishment of an unusually fine system of uniform statistics of local finance administered by the state. The coöperative spirit has been evidenced, too, in regard to administrative reform. Widespread, sound practices of municipal auditing and accounting have been brought about by it together with the "moderate policy" pursued by the state.

The certification of town and district notes has proved a convenience to the municipalities and a powerful force in controlling indebtedness and improvement of financial methods. Early efforts at debt limitation beginning with the municipal indebtedness act of 1875 were evaded through unsound practices and resort to special legislation to permit borrowing outside the limit. While some relief was obtained through new laws in 1913, the author still finds the municipal borrowing policies too liberal especially since 1920 and special legislation still a problem. Control of ever rising municipal expenditures, now a problem of the greatest importance in Massachusetts, has not been attacked directly by the state. Local finance committees which were authorized in 1900 in general have been valuable. This problem must be met by the local governments and taxpayers themselves with the state acting in an advisory capacity. Through "education, persuasion, and counsel" the state tax commissioner though limited in power in this respect has "played a large role in bringing about a fair degree of effectiveness in both assessment and collection of taxes."

The financial measures of the last few years are not dealt with in this study since its concern is with the lasting progress which has been made in Massachusetts and emulated in other states.

The Steadyflow Traffic System. By Fritz Malcher. Harvard City Planning Studies, Vol. IX. Cambridge, Harvard University Press, 1935. 91 pp. $1.00.

When Fritz Malcher, Austrian municipal engineer, was formulating his system of traffic regulation by street design he coined two interesting words.

One was "greenage." That was Mr. Malcher's term for the vegetation on the middle strip which bifurcates his neat geometric highways. Safety demands that we separate streams of traffic flowing in opposite directions by middle strips of such a width that the biggest car can turn between the roadways. This neutral zone can be used as parking space, though "the ideal solution from the planner's and the driver's point of view would be, of course, to eliminate parked cars entirely from the streets, and thus make all middle strips, improved with greenage, available for the use of pedestrians."

Middle strips are nothing new. "Their value as a boundary separating two roadways is widely appreciated, but . . . their great importance to cross traffic is not being realized at all."

That is where the second minted word applies—"steadyflow." It means uninterrupted traffic, sans right-angled intersections, sans stop and go lights, sans police officers, sans any traffic control save what is necessary for the safety of the pedestrian. By constructing the middle strips so as to permit no direct traffic intersections at crossroads, one steadyflow lane will have an "economic effectiveness" two and a half times that of an ordinary stop-and-go lane.

In view of current anti-accident campaigns, this careful "crystallization in design of the interacting considerations of traffic and of street form" has immediate as well as historical importance. The principles of the steadyflow system have been published before. But the Harvard School of City Planning felt that Malcher's work and worth demanded "as consistent and complete a statement of his ideas as could be made."

They were right. For Fritz Malcher was not another traffic expert. He was a traffic artist.

H. B.

NATIONAL MUNICIPAL REVIEW

MARCH ✦ 1936

Social Security

Can We Secure Social Security? Editorial
• • • JOSEPH P. HARRIS

Social Insurance Abroad and at Home
• • • BARBARA NACHTRIEB ARMSTRONG

Economic Implications of the Social Security Progra
• • • J. FREDERIC DEWHURST

The Social Security Act: An Appraisal
• • • I. M. RUBINOW

Administrative Problems of Social Security
• • • CHARLES McKINLEY

Federal-State Cooperation Under the Social Security Act
• • • JANE PERRY CLARK

The Essentials of Unemployment Compensation
• • • EDWIN E. WITTE

The Federal-State Program of Unemployment Compensation
• • • WILBUR J. COHEN

Administration of the Wisconsin Unemployment Reserves and Compensation Act
• • • RUSSELL HIBBARD

Public Employment Offices and Unemployment Compensation
• • • FRANKLIN G. CONNOR

Old-Age Insurance Under the Social Security Act
• • • J. DOUGLAS BROWN

Published at 150 FREMONT STREET, WORCESTER, MASS., by the

NATIONAL MUNICIPAL LEAGUE

309 EAST 34th STREET, NEW YORK, N. Y.

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

SPECIAL EDITOR FOR THIS ISSUE
JOSEPH P. HARRIS

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. R. HATTON
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND A. EGGER
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis, *First Vice President*
C. A. Dykstra, Cincinnati, *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruère, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
[illegible], New York
C. Arnold Frye, New York
Robert M. Goodrich, Providence, R. I.
Arnold Bennett Hall, Washington, D. C.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
[illegible], Westtown, Pa.
Robert W. Johnson, [illegible], N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office
at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 3
TOTAL NO. 237

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR MARCH

EDITOR'S NOTE.—Because of the tremendous importance of the problem of social security in the governmental picture of the next few years and the many requests for information on the subject received by the National Municipal League, the REVIEW is devoting the major portion of its March and April numbers to this problem. Grateful appreciation is due Dr. Joseph P. Harris, Director of Research of the Committee on Public Administration of the Social Science Research Council, who is serving as special editor of these issues.

The April REVIEW will discuss *Public Welfare Measures Under the Social Security Act* and *Health and Social Security.*

SOCIAL SECURITY

CAN WE SECURE SOCIAL SECURITY?—Editorial....... *Joseph P. Harris* 122

General Considerations

SOCIAL INSURANCE ABROAD AND AT HOME: THE BACKGROUND OF SOCIAL SECURITY LEGISLATION .. *Barbara Nachtrieb Armstrong* 125
ECONOMIC IMPLICATIONS OF THE SOCIAL SECURITY PROGRAM................................ *J Frederic Dewhurst* 134
THE SOCIAL SECURITY ACT: AN APPRAISAL .... *I. M. Rubinow* 138
ADMINISTRATIVE PROBLEMS OF SOCIAL SECURITY ... *Charles McKinley* 146
FEDERAL-STATE COÖPERATION UNDER THE SOCIAL SECURITY ACT .... *Jane Perry Clark* 151

Social Insurance as a Means of Providing Social Security: Unemployment Compensation and Old-Age Insurance

THE ESSENTIALS OF UNEMPLOYMENT COMPENSATION..*Edwin E. Witte* 157
THE FEDERAL-STATE PROGRAM OF UNEMPLOYMENT COMPENSATION .... *Wilbur J. Cohen* 164
ADMINISTRATION OF THE WISCONSIN UNEMPLOYMENT RESERVES AND COMPENSATION ACT .... *Russell Hibbard* 170
PUBLIC EMPLOYMENT OFFICES AND UNEMPLOYMENT COMPENSATION.......................... *Franklin G. Connor* 176
OLD-AGE INSURANCE UNDER THE SOCIAL SECURITY ACT .... *J. Douglas Brown* 180
NEWS OF THE MONTH 187
RECENT BOOKS REVIEWED .... *Geneva Seybold* 194

The contents of the NATIONAL MUNICIPAL REVIEW are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, MARCH, 1936

Editorial
Comment
❖
March

NATIONAL
MUNICIPAL REVIEW

Vol. XXV, No. 3 Total No. 237

Can We Secure Social Security?

The federal social security act is the central core of the program of the administration to cope with destitution and economic insecurity in the future. This program must be considered in the light of the huge relief problem in recent years—a problem which quickly exhausted local and state financial resources and now threatens the financial position of the national government. The various features of social security legislation are discussed critically but constructively in the following special articles contributed by outstanding students of the problem. Will this program, adopted on the upturn of business recovery, stand up during years of prosperity and afford a reasonable degree of protection when the next business recession sets in? Can we as a nation, utilizing our traditional governmental institutions, safeguard against future widespread destitution, such as has prevailed within recent years? Is the program as represented by existing federal and state legislation sound? Or does it need substantial modification? How will it be administered? These are some of the fundamental problems implicit in all of the following articles.

It is hardly necessary to call attention to the great significance of this program. This is readily apparent when we consider its size, the millions of workers affected, the cost in terms of billions of dollars annually, as well as the fact that several features of the program are new to our governmental institutions.

The social security program includes three new governmental activities of tremendous size, namely, unemployment compensation, old-age insurance, and non-contributory old-age pensions. The two forms of social insurance will cover from twenty million to thirty million workers, and when the maximum contribution rates become effective, will involve annual contributions of approximately three billion dollars. In addition, the expenditures for old-age assistance (commonly called pensions) are estimated to reach nearly a billion dollars annually within a very few years. These figures, which do not include aid to dependent children, other federal aids provided in the social security act, or other forms of social insurance which may be adopted later, exceed the normal budget of the federal government.

These activities in the field of social insurance and public welfare will constitute one of the largest governmental enterprises ever undertaken. Their administration is of great importance. It is generally recognized that the administrative provisions are the weakest point in the social security program. Experience abroad indicates that the success or failure of social insurance turns upon its detailed administration. European countries have been able to assume a nonpartisan and reasonably efficient administration from the outset. This is not true of this country, particularly of state and local governments.

With the exception of old-age insurance, all of the activities included in the social security program are to be administered by the state and local governments under federal supervision. This division of authority gives rise to many difficult administrative problems. It is, however, in keeping with our federal form of government and will permit a degree of federal supervision, with state and local administration. The supervisory authority granted to the federal agencies under the social security act is less than that of other recent federal-aid laws, and will probably need to be strengthened after experience under the law.

SOCIAL INSURANCE

Of the two forms of social insurance—old-age benefits and unemployment compensation—the former is set up as a federal activity, while the latter is to be administered by the states and under state laws. The federal act, following the precedent of the inheritance or estate tax law, levies a uniform payroll tax upon employers throughout the country, and allows partial credit for contributions to state unemployment compensation plans. It also includes grants to the states for administrative costs under such plans.

The administrative problems involved in setting up social insurance applying to about twenty-five million workers and their employers are very great. Employers will object not only to the cost, but to the requirements of records and reports. It is of utmost importance that the collection of contributions or taxes for these two forms of social insurance be unified, so that administrative costs may be kept at a minimum, and employers be freed from the necessity of making several different reports to different agencies.

No state has had any experience in the administration of unemployment compensation, except the brief experience of Wisconsin, in which benefits have not yet become payable. The administration of unemployment compensation will be closely identified with the public employment offices. In foreign countries the employment offices act as the field organization for the administration of unemployment compensation. The federal social security act provides as a condition for approval of state plans that unemployment compensation must be paid through employment offices or other agencies approved for the purpose by the social security board. In the states of Massachusetts, Alabama, California, and Washington the employment offices have been placed under the newly formed unemployment compensation commissions, while in New York, New Hampshire, Wisconsin, and Utah the administration of unemployment compensation is placed in the same department which has charge of the public employment offices. All of the state laws in this country, as well as foreign laws, require registration at the public employment office as a condition of the receipt of unemployment benefits, and provide that refusal to accept an offer of suitable employment disqualifies an applicant. The development of an adequate and competent employment office system is essential to the success of unemployment compensation.

WELFARE ACTIVITIES

The federal social security act marks a new policy of federal aid on a permanent basis for certain categories of welfare activities. Federal aid has become well established in this country for a wide variety of activities, but, except upon a temporary and emergency basis, has not been extended to public welfare or relief activities. This new policy, which is of great significance, breaks with our traditional policy that the care of the poor is exclusively a local and state responsibility. The mounting cost of relief, which has swamped local and state governments, has forced the adoption of this new policy. The future will probably see its extension to other welfare activities. It may be carried too far and saddle on the nation an excessive charge for relief. On the other hand, it may be wisely developed with adequate local responsibility, coupled with a reasonable degree of federal supervision and insistence upon minimum standards of administration, resulting in a notable development of public welfare administration. The success or failure in the several activities now marked out for federal aid will influence future expansion of federal aid for welfare activities. It is an experiment in one of the oldest government functions. If it does not succeed, the alternative is probably direct federal administration of a large part of public welfare.

Old-age assistance is by far the largest welfare activity to receive federal aid. If the estimates of future costs are substantially accurate, federal expenditures for this purpose within a few years will be much larger than any previous federal aid—in fact, larger than all previous federal aids combined. Not only is this true, but federal aid for old-age assistance is provided on an entirely new policy of unlimited matching (except the limit of $15 per month per person) of whatever expenditures the state and local governments make for the purpose. Already forty states have enacted old-age assistance laws. With the enactment of the social security act, providing for 50 per cent federal aid to the states for this purpose, without any limit as to the amount which any state may receive, and with the widespread movement for old-age pensions, it may be anticipated that the expenditures for old-age assistance will greatly increase in the immediate future. According to the estimates of the actuaries of the Committee on Economic Security, by 1940 the number of persons receiving state old-age pensions will be 2,746,000, and the annual total cost $836,000,000. The estimates for later years are considerably higher.

ADMINISTRATIVE PROBLEMS

The future of social security in this country depends largely on how these huge activities are administered. It is, of course, to be expected that substantial amendment of federal and state legislation will be necessary in the light of actual experience. The greatest danger to the program is not the anomalies which will creep into early legislation, nor the opposition of certain groups of employers with a narrow social outlook, nor even the threat of an adverse constitutional decision, but is that of political and incompetent administration. Social insurance and public welfare activities cannot be successfully administered by temporary, incompetent, and untrained political employees. It is extremely unfortunate that the federal act specifically prohibits the Social Security Board from establishing any minimum personnel standards, including removal from political interference. This absurd limitation, which is an exact reversal of recent federal aid legislation, should be repealed at the earliest opportunity, but in the meantime the weakness of the federal law makes it imperative that state legislation provide adequate safeguards against the political prostitution of social security administration.

Joseph P. Harris

Social Insurance Abroad and At Home: The Background of Social Security Legislation

The social security program follows the experience of other industrial countries of the world in adopting social insurance

BARBARA NACHTRIEB ARMSTRONG *University of California*

With the federal social security program there has developed in the United States a widespread interest in social insurance. Knowledge of this institution, a major essential in any program directed at the economic security of the wage earner, has been previously confined for the most part to sociologists and students. Indeed, it has been remarked with some justification that many Americans who were thoroughly familiar with our workmen's compensation provision for industrial accidents were not aware that this institution, borrowed by us from Europe, was but a branch of a larger legislative scheme called social insurance. Nor did they know that the latter provided a rounded out protection or security to workers' families in the event of illness, death, old age and unemployment, as well as of industrial injury of the wage earner.

The enormous scale of public relief which recent depression years has necessitated, has focused public attention at last upon the inherent wastefulness of the relief or "handout" method. The futility of our "dole" technique inherited from Elizabethan England has, to be sure, been generally recognized by intelligent social workers for at least a generation. Their experience has convinced most of them that charity, while perhaps a private virtue, and, in the absence of alternative, a public necessity, in its effect approaches the status of public vice. This conclusion is related to the following facts. Charitable assistance involves not only the heavy initial cost of the bread, soup, and drugs dispensed but the much heavier though less measurable social cost involved in the unfortunate psychological effect of "relief" upon many of its recipients. Striking, as it so often does, at the essential self-respect of the worker, it undermines that intangible element of character which is essential to a wholesome, sturdy society. Pauperization compounds its original cost. Where it takes place on a large scale, it is a serious hazard to the entire community.

All social groups perforce have a direct interest in the substitution of public provision directed at the *prevention* of destitution for that of public provision for support or relief of persons to whom destitution has become a fact. The interests of society are not to be separated from the individual worker's need of economic security.

The essential elements in a legislative program of security for the wage-earner are two. One, that of minimum wage, secures the employed worker against destitution from sweated wages by setting a standard below which no wage is permitted to fall.[1] The other element, social insurance, is designed to secure the working family against destitution due to physical disability, unemployment, and death. Since most destitution is due not to sweated wages but to losses entailed by disability, death, and lack of work, social insurance is much the more important factor in economic security planning.

---

[1] This was, of course, attempted on a nation-wide scale in the codes of the N.R.A. which came to an end with the adverse decision of the United States Supreme Court last spring. See *A.L.A. Schechter Poultry Corp. v. U. S.* 295 U. S. 495.

The essential principle of social insurance is that pooling funds shall be accumulated, while workers are well and at work, from which they will be cared for when they cannot labor or are unable to obtain employment. Found in the rules of the medieval guilds, continued in the mutual benefit societies of Europe that followed in their wake, excellently developed in the customary provident funds of the mining villages, this principle did not begin to find general expression through public legislation until the middle of the nineteenth century.[2] It did not find *effective* expression in any country until thirty years thereafter. General European acceptance of the principle moreover dates well into the twentieth century. Its complete independence of political institutions is indicated by the fact that it is functioning in Democratic Britain and France, Fascist Italy, Nazi Germany, Soviet Russia, and the absolute monarchy of Japan, as well as in all the lesser countries of Europe from Scandinavia to the Baltic and the Mediterranean.

INDUSTRIAL ACCIDENT INSURANCE AND HEALTH INSURANCE

The pioneering social insurance country, Germany, adapted its first venture, which was in the field of health and industrial accident insurance, largely from the pattern of the provident funds found in the ancient mining communities in France, Austria, and Germany. Recognizing, as did the ancient mining funds, that physical disability of the worker is a twofold economic calamity which not only cuts off the income of the family but also adds to its expenses by necessitating medical and other remedial care, both cash and medical benefits were provided. Insurance was made compulsory, as indeed it had been in all but name in the mining communities, where ancient custom exercised an effect as compelling as any statutory law. Both workers and their employers contributed to the support of the insurance.[3] Benefits were payable for a period of thirteen weeks, thus leaving illnesses and accidents of longer duration outside the scope of the scheme.

The following year (1884) a companion measure was enacted which provided for fatal industrial accidents and those causing disability in excess of thirteen weeks. This provision was financed exclusively by contribution from employers. It was known, moreover, as the industrial accident insurance measure, while the first enactment, although applicable alike to sickness and industrial accidents, was termed sickness insurance. This fact had an interesting result.

The second measure, the so-called industrial accident insurance, commanded earlier attention in other countries than did the pioneer venture.[4] Interest in the industrial injury problem became widespread in the eighties. Legislation was achieved in several of the chief European nations in the nineties and in practically all of the remaining continental countries in the following decade. This legislation was strongly influenced by Germany's industrial accident insurance law and in consequence all the measures accepted the principle that the employer should pay the entire cost of such provision. As companion combination industrial accident and health insurance arrangements were adopted in only a few cases, many of the laws covered *all* industrial accidents and not just those of long enduring disability. Thus it became a standard of provision for industrial accidents that the employer should pay the entire premium.

---

[2] At this period, prompted by the widespread economic distress that was produced by the economic changes attendant upon the industrial revolution European countries began to give attention to the possibilities of preventing destitution through workingmen's insurance.

[3] The workers were divided into wage classes, for each of which classes a "basic" or median wage was fixed. Contributions were fixed as a percentage of this basic wage.

[4] By virtue of its more spectacular aspect and because it was a relatively new problem in the early periods of mechanization, the industrial accident aroused general public interest sooner than did any of the other risks to the worker's earning capacity and economic and physical well-being.

Provision for industrial accidents, or to use the English term for this branch of social insurance, workmen's compensation, is today an accepted institution in all parts of the civilized world—both eastern and western. The two states in the United States, Arkansas and Mississippi, that still are without a compensation law on their books can find company only among fairly primitive lands which have but a casual connection with the rest of the world.

Compulsory insurance against sickness (including, of course, non-industrial accident), the second branch of social insurance to receive general European attention, made slower progress. This was partly due to the fact that a competitive type of insurance against sickness, "voluntary subsidized insurance," developed a considerable following. Denmark was the pioneer and has been the most successful exploiter of this technique. Sweden, Belgium, and tiny Iceland followed suit as did France and Switzerland. The four countries first named, while dissatisfied with results, have not yet abandoned the principle of "inducement" for the compulsory principle.[5] France has shifted to compulsory health insurance while Switzerland has a hybrid system, some of her cantons having adopted compulsory schemes. All the countries of major industrial importance in Europe, however, including Great Britain, France, and Czecho-Slovakia, as well as Soviet Russia and most of the lesser European nations, Japan in the Orient, and one of the South American states (totalling twenty-two countries) now protect their wage earners by compulsory health insurance schemes.

No two of the schemes are exactly alike. All systems, however, accept the fact which is implicit in an analysis of sickness as an economic hazard, that adequate protection must both maintain the family and also furnish remedial care to the worker. In short, all systems provide both a cash benefit as a substitute for the sick worker's lost wage and "medical" benefits for the relief of his physical condition. In recognition both of the increasing emphasis upon public health and the increasing cost of what is deemed adequate care in time of illness, and also of the fact that sickness of dependents is the wage earner's economic problem, most of the schemes now include medical benefits for his dependents as well as for the insured worker.

The benefits themselves have been added to and liberalized and a strong movement for their further improvement is present in most countries. Growing acknowledgment of the importance of protecting the physician in his right to practice under health insurance schemes is being manifested today. The principle, accepted twenty-five years ago by Great Britain when she put her compulsory health insurance law into operation,[6] that every licensed physician should be permitted insurance practice at his option and that every insured worker should have free choice of physician, has proved a conspicuously sound one.

---

[5] Denmark, however, has set up a *compulsory* invalidity insurance scheme (1921).

[6] Enacted in 1911.

OLD AGE AND INVALIDITY INSURANCE AND PENSIONS

The third form of social insurance provision put into operation by Germany, old age (and invalidity) insurance (1889), found, as did compulsory health insurance, a competing technique developing in Denmark. In this instance, however, it was not voluntary insurance but a totally different type of security, gratuitous old-age pension provision. The gratuitous pension was born of an entirely different philosophy than was old-age insurance. The latter rested upon practical facts: (1) that most wage earners did not and often could not accumulate sufficient savings to assure their independence during superannuation; and (2) that small contributions from the workers and their employers could under governmental control build up pooled funds which, with government subsidy, would provide wage earners with old-age security to the advantage of the individual and of the community. The gratuitous pension theory, however, was an expression of the belief that those worthy workers who reached the end of their earning period without a competence deserved assistance from the state in their old age in return for their contribution to the community life during their working years. The *insurance* pension being based upon contributions was, of course, paid without reference to either the character or the means of the recipient. The *gratuitous* pension, in contrast, was available only to the deserving old person and only on proof that his own means were inadequate for his support. This provision was definitely differentiated from poor relief, however, in that the applicant was never required—in contrast to our state assistance laws—to prove that he had no relatives able to support him. His eligibility was determined by exclusive reference to his own means without forcing his dependence upon his children.

Aid "to the aged and deserving poor" found initial acceptance not only in Denmark but in France and Great Britain as well as in the Danish dependencies, Greenland and Iceland, and in most of the British Dominions.[7] Its adoption by the English-speaking countries greatly influenced thought and legislation in the United States in the first decades of this century. Several basic shortcomings implicit in this type of provision, however, revealed themselves as experience with this type of old-age security accumulated. First, the requirement that need of assistance should be proved by the applicant proved objectionable on two scores. It inevitably introduced an administrative element which, however tactfully handled, was associated with poor relief administration and was offensive to the self-respecting, worthy worker. In addition, it tended to discourage rather than encourage accumulation since the less a man had saved the higher pension he received and vice versa. Thus, it had just the opposite effect of an inducement to self-help and was basically at war with the principle upon which our present society is builded.

Second, the necessity that the applicant prove that he had been a worthy citizen, which was an essential element in the philosophy upon which this type of assistance rested, presented practical difficulties. Sitting in judgment upon persons at a time of life when they were old and helpless proved unappealing even to hardened administrators.

---

[7] Canada, Newfoundland, Australia, New Zealand, and South Africa. Australia combines invalidity pensions with old-age pensions.

Attempts were made in the various countries to meet the problems raised by the "need" requirement, through amendments which permitted full pensions even when certain small accumulations had been achieved by the applicant. Repeated changes, in response to public pressure, somewhat liberalized these provisions.

The worthiness requirement, moreover, was to a large extent gradually whittled away by amendments which cut down the disqualifying clauses. In result, in each of the gratuitous pension countries, the assistance lost most of its character as *"reward* for the *worthy"* and came to approximate *relief* for the *needy*. The two most important countries, Great Britain and France, which had accepted its original philosophy came to the belief that in the changed form it was a less satisfactory old-age security device than contributory insurance. This, moreover, came to be a general judgment, as is evidenced by the fact that in the post-war period nearly five times as many countries have enacted compulsory old-age (including invalidity) insurance legislation as have instituted gratuitous pension schemes.[8] The preference for the contributory plan was due partly to the poor relief flavor of the gratuitous pension and partly to the observation that such pensions over a period of time caused a constantly increasing drain upon the treasury.[9]

The wiser minority, following Great Britain's lead,[10] combined a supplementary gratuitous pension plan with the basic device of a contributory annuity scheme designed to reach wage earners who form the bulk of the working population. The supplementary gratuitous pension arrangements are in acknowledgment both of the fact that some persons of high income may come to financial grief in their old age and also of the administrative limitations of the compulsory contributory plan. It has been found practicable[11] to reach by compulsion only wage earners whose contributions can be collected through their employers. All the enforcement problems of the poll tax stand in the way of effective compulsion of the self-employed, albeit their need of systematic saving for old age is obviously as great as that of the workers in the employ of another.

The annuities provided in the schemes abroad have been small even viewed from the standpoint of foreign costs and standards, and have not been conditioned upon retirement from labor. In fact their size would in many cases preclude the insistence upon refraining from labor since this would be practicable only if the worker had some supplementary income. The annuity has been looked upon as a substantial backlog securing bare subsistence rather than as a source of complete and comfortable maintenance. Current discussion abroad indicates a questioning of this attitude and a substantial opinion urges more generous annuities designed, as are those provided in our recently enacted federal social security act, to remove men in the older age groups from the labor market.

---

[8] Only five countries—Canada, South Africa, Uruguay, Norway and Greenland—have adopted gratuitous pensions.

[9] Whether or not it was caused by a feeling that there was less reason for saving with the promise of an assured pension, the fact is that the percentage of pensioners steadily increased.

[10] When after nearly twenty years' experience with gratuitous pensions, she turned to contributory old-age insurance in 1925, she retained her gratuitous pensions to meet the situation of the aged indigent not reached by the contributory scheme.

[11] Only Sweden has attempted "popular" old-age insurance. Practically everyone between sixteen and eighteen is required to pay annual contributions. Delinquent contributions have run high (averaged 15 per cent) especially in industrial districts (40 per cent and 50 per cent in certain districts) and as these are charged to the municipalities this has brought serious problems to the local authorities. See *International Labor Review* vol. 9, p. 179 et seq.

SURVIVORS' INSURANCE

Protection of the dependents in the event of the wage earner's death from industrial injury is, as has been indicated previously, included in the industrial accident provision or workmen's compensation laws. Similar provision in the event of death from other causes, i.e., survivors' insurance, was first instituted in connection with old age and invalidity pension systems for selected industrial groups in Belgium, France, Austria, and Germany. The first *general* survivors' insurance scheme was set up in 1911 by the usual pioneering social insurance country—Germany.

Again, it is found that gratuitous pensions, this time for deserving and needy widows with children, offered competition to the contributory insurance method. New Zealand in this same year (1911) set up a system of such pensions as a means of meeting the situation of the family left destitute by the death of its wage-earning head. Denmark almost immediately followed New Zealand's example and over ten years later an Australian province, New South Wales, did likewise. At the same time a movement for mothers' pensions in Canada and the United States resulted in enactments by the Canadian provinces and by nearly all of the American states. Assistance grants, which all too often for lack of financial provision were either not available at all in our states, or else were shockingly inadequate, were promised by these laws not only to needy widows with children but to other needy mothers, whose husbands either had deserted them or were invalided or were incarcerated in penal institutions.

Meantime, in fourteen countries, including Great Britain, France, Czecho-Slovakia, and Holland, survivors' insurance had been attached to old-age and invalidity insurance provisions covering the general industrial population. Several other countries had amalgamated such protection for survivors with old-age and invalidity insurance for special industrial groups.

Experience abroad with survivors' insurance and in this country with gratuitous assistance to needy mothers suggests that here as with the problem of old age, we need and ultimately will have complementary institutions—survivors' and invalidity insurance to cover the insurance risks which threaten to permanently destroy the wage earner's income and gratuitous assistance or pensions to needy mothers who are widows or are victims of the moral delinquency of their deserting or otherwise defaulting husbands.

No one familiar with the extent of our dependent children problem, even assuming that the American attitude toward taxes for social service will come to be the more acquiescent one of the British citizen, can expect adequate provision for all dependent children until the insurable part of the situation is placed squarely upon a social insurance basis.

UNEMPLOYMENT INSURANCE

The last hazard to the worker's earning capacity to be made the subject of compulsory social insurance provision was unemployment. In this instance the pioneer was Great Britain rather than Germany. Following a series of experiments with work relief and a poor law "Royal Commission" report on continental experience with the subsidizing of unemployment insurance arrangements (i.e. out-of-work benefits) of the trade unions, Great Britain set up in 1909 a network of centralized public employment exchanges. This was designed to get the labor market in hand in avowed contemplation of undertaking unemployment insurance. Then two years later, in 1911, she initiated a compulsory contributory unemployment insurance scheme for seven selected industries. Equal and uniform contributions were exacted from each insured worker and his employer, and the exchequer was obliged to contribute approximately one-third of the combined contributions. Benefit was paid for a maximum of fifteen weeks and not more than one week's benefit for each five weeks' contribution could be paid.

The first year and a half of this insurance experiment happened to be an exceptionally prosperous period and a substantial reserve was on hand when war was declared in August 1914. During the war period, there was, of course, a shortage of labor rather than unemployment and by 1920 this reserve had reached twenty million pounds. In that year, just before the hardest and longest industrial depression she has ever experienced, Britain extended the coverage of her unemployment insurance act to cover her entire industrial population. The following years witnessed a series of rapid shifts, changes and reshifts in the size of benefits, the length of benefit periods, and the amount of government contribution to the unemployment insurance scheme, supplemented by a state of increasing debt as Great Britain endeavored to adjust her insurance scheme to the serious unemployment problem which world-wide post-war adjustments entailed. Had broad compulsory schemes been in effect during the "fat" employment years of 1912 to 1920 to help out the lean years in the twenties, her problem would, of course, have been greatly simplified. Despite this unfortunate timing of legislation and depression it is the conviction of opinion of every shade in Britain, be it conservative, liberal, or labor, that without the stabilizing aid of unemployment insurance, weathering of the twenties would have been difficult if not impossible.

It is now planned in the immediate future in a special separate scheme to extend unemployment insurance to agricultural workers, the largest group excepted under the 1920 act.

Meantime compulsory unemployment insurance has been accepted by Queensland in Australia (1922), by Italy (1919), Austria (1920), Soviet Russia (1922), Poland (1924), Bulgaria (1925), and Germany (1927). The scheme in Germany, while weakened, has at least survived the Nazi regime. Not counting the ten million workers of the U.S.S.R.,[12] compulsory unemployment insurance measures applied in 1935 to about forty million workers. This number will be added to by the Canadian enactment of June 1935 which sets up a dominion system patterned largely after the British scheme.

In addition, voluntary subsidized systems, which have meant to a large extent in practice the subsidizing of trade union unemployment funds, have been set up in nine[13] countries, giving unemployment insurance protection to about three million workers. Switzerland, as in the case of health insurance, has a hybrid system, some of the cantons having compulsory measures.

The chief exclusions in unemployment insurance coverage have been household domestic service and agriculture. It may be noted, moreover, that in recognition of the fact that continuity of contribution is a basic requirement in a properly functioning system, no system outside of this country has limited its operation to plants of a certain size.

---

[12] Benefits suspended since October 1930 because of a declared labor shortage.

[13] Belgium, Czechoslovakia, Denmark, Finland, France, Netherlands, Norway, Spain, Sweden.

In all schemes, not only is full benefit dependent upon fairly continuous insurance, but a worker's eligibility to any benefit depends upon contributions in the period immediately preceding unemployment Since many workers move back and forth from large to small plants, omission from the scheme of employees in establishments with less than a given number of employees causes certain continuously employed workers to be in and out of the insurance scheme. Their contributions, as a result, in many cases are bound to be in the nature of periodic penalties which will never produce right to benefit. It may be anticipated that the exceptions based on size of plant now present in all the ten American acts except that of the District of Columbia will be removed by amendment.

Most of the compulsory systems require contributions not only from the insured workers and their employers, but also from the public treasury. While the length of benefit period, the amount of benefit, and the conditions for the receipt of benefit vary from law to law, certain principles have found universal acceptance. The right of the worker to refuse work made available by a trade dispute is under all systems guaranteed, as is his right to refuse employment to be performed under sweated conditions or at subnormal wages.

In administration all systems have emphasized utilization of the employment agencies as essential to the success of the insurance. Effective control of the labor market is obviously necessary if benefit payments are to be restricted to situations where there is actual lack of work rather than mere lack of information about existing opportunities of employment. Further, as demonstrated by experience abroad[14] with alternative methods of testing whether the insured applicant is genuinely seeking work, the only practical test of this crucial fact in eligibility to unemployment benefit is through offer of suitable work. The placement bureau is the only administrative agency that can be in a position to put the insured to this test.

The keeping at administrative headquarters of an individual case record of each insured person has been universal. Each worker has been given an insurance book in which his weekly contributions (and those of his employer) have been evidenced by special stamps through the sale of which the contributions due have been collected. Indeed, since the worker's rights depend upon his own contribution record and are constantly accumulating, however often he may shift from job to job, individual case records are a *sine qua non* of administration. Further, the use of the insurance book, which is kept on deposit with the employer when the worker is employed and on file at the employment exchange when he is shifting jobs, gives the placement agency opportunity to check compliance and facilitates enforcement procedure.

In only one of the countries which subsidize voluntary plans, Denmark, is the employer required to contribute to the cost of unemployment insurance. In the others the workers and the state share the entire burden.[15] In only three of these countries is observance by the funds of the principles mentioned in a previous paragraph made a condition for receipt of subsidy. Since, however, the great majority of funds in all the voluntary schemes are trade union organizations, the principle of protection from sweated work and strike breaking is widely observed in all voluntary subsidized countries.

---

[14] Only after a long period of requiring the worker to prove his genuine desire for work by personal research did Great Britain abandon this procedure. The constant stream of applicants "going the rounds" caused serious annoyance to employers and produced negligible work opportunities. In 1930 the British act was amended to put upon the employment exchange the responsibility of deciding by offer of work whether the claimant was genuinely seeking employment.

[15] Except in the establishment funds in Switzerland, toward which employers voluntarily make a contribution.

The average benefit period of the voluntary funds is much shorter than that of the compulsory system, as might be expected of schemes most of which function without contributions from employers.

SUMMARY

In appraising the various social insurance systems, it may be stated at the outset that like all other institutions they do not function perfectly. It must be further acknowledged that their many past amendments and the current efforts at further change of their provisions evidence the fact that their details need constant adjustment in the light of experience. It is universally believed abroad, however, by the majority in all economic and social groups, that the social insurance schemes, despite imperfections, have made a very great contribution to community well-being. Except in Nazi Germany, the definite continuous trend has been toward the broadening of the coverage of the various social insurance branches and the liberalizing of the benefit features.

In this past year through federal enactment in the United States, provision for unemployment compensation schemes has been promoted, and a contributory retirement annuity scheme has been instituted on a straight national basis. In addition, substantial financial aid has been made available to the states for their programs of assistance to needy aged, dependent children and other selected groups. Review of experience elsewhere gives the welcome assurance that the social insurance method has established itself. The federal government in promoting, as it has in the social security act, a deliberate expansion of this security device which made its initial appearance in this country in our workmen's compensation laws, is taking a step that is backed by the informed judgment of the rest of the Western world.

THE CONSTITUTION IN THE TWENTIETH CENTURY

Series Thirteen in "You and Your Government" Radio Programs Broadcast Every Tuesday, 7.45-8.00 P. M., Eastern Standard Time, Over a Network of the National Broadcasting Company.

March 10—"Powers of the National Government." Walter F. Dodd, Lawyer; Professor of Law, Yale University.

March 17—"Administrative Lawmaking." O. R. McGuire, Counsel to U. S. Comptroller General; Chairman, American Bar Association's Committee on Administrative Law.

March 24—"The Constitution and the New Deal." Donald Richburg, Attorney; former Administrator, N.R.A.

March 31—"The Spirit of the Constitution." William Hard, Publisher.

April 7—"A Socialist Looks at the Constitution." Norman Thomas, Director, League for Industrial Democracy; Socialist Candidate for President, 1928 and 1932.

April 14—"Getting a New Constitution." W. Y. Elliott, Professor of Government, Harvard University.

For further information write to the American Academy of Political and Social Science, 3457 Walnut Street, Philadelphia, Pa., or to the National Advisory Council on Radio in Education, 60 East 42nd Street, New York City.

Economic Implications of the Social Security Program

More than half the working population given substantial protection against old age and unemployment under the terms of the social security act

J. FREDERIC DEWHURST

Committee on Social Security of the Social Science Research Council

PROBABLY no other legislative enactment in the history of the United States has had more profound economic implications than the social security act. As a welfare measure it is designed to afford substantial protection for more than half the working population against the major hazards of life—old age and unemployment—and to make more generous provisions for dependent children, for maternal and child health services, and for extension of public health and welfare activities. As a taxation measure the social security act imposes new burdens in the form of taxes on payrolls and wages which, within fifteen years, are expected to yield as much as the total tax and customs revenues of the federal government in the year 1934.

An attempt to assess the economic effects of a program of such magnitude and diversity at the moment of its inauguration, however, can be only hypothetical and speculative. Since the program will become effective only gradually, its full impact upon our economy will not be felt for several years.

The various public assistance provisions of the act are comparatively simple in nature, being designed through traditional grants-in-aid to provide a further stimulus to the extension of state public welfare to the unfortunate and needy. With the exception of old-age assistance, the cost of these services is not large and may be expected to increase only gradually. The burden of these services on the state and federal taxpayer represents little more than a transfer and equalization of costs which are already a charge upon our economy.

The provisions of the social security act looking toward old-age security and unemployment relief are of far reaching economic and social significance. Between 25,000,000 and 30,000,000 workers, or more than half of the nation's gainfully occupied population, will be directly affected, as taxpayers and beneficiaries, while the indirect effects will be felt by the entire population.

Old-age security is provided for in the act by two entirely different methods. Old-age assistance, which becomes effective immediately, involves federal grants to the states for old-age pensions to needy persons over sixty-five years of age on a 50-50 matching basis with a maximum federal contribution of $15 per month. The aim of this provision is to ensure promptly a reasonable minimum of comfort to men and women over sixty-five years of age who are without means of support. Approximately 1,000,000 old persons are now dependent upon public charity, and the number of needy old people is bound to increase rapidly, not only because of the loss of savings and jobs during the depression and the inability of children to support their parents, but because the number and proportion of old people in the population are growing steadily. In 1930 there were 6,634,000 persons over sixty-five out of a total population of 122,775,000. By 1960 the number will have more than doubled and the proportion will have increased from 5.4 per cent of the population to 9.3 per cent.

OLD-AGE PENSIONS

With the passage of the social security act the number and scope of state old-age pension plans have increased greatly. In 1934 there were thirty states and territories which paid a total of about $32,000,000 to 236,000 pensioners. In 1936, with federal aid, twelve additional states have passed pension laws; the number of pensioners will probably be three times as large as in 1934 and total pension payments will probably exceed $200,000,000.

Within five years total pension payments under old-age assistance plans will amount to nearly $1,000,000,000 annually; the ultimate cost, with no other means of providing old-age security and assuming a final dependency rate of 50 per cent and average pensions of $25 per month, would be nearly $3,000,000,000.

The maximum cost of old-age assistance, however, will probably fall far short of this latter sum in view of the fact that the social security act establishes a comprehensive system of old-age insurance for those engaged in certain industries, employing about half the total number of gainful workers, which is expected eventually to carry the major share of the cost of providing security for the aged. Benefits or annuities under this provision of the act will be paid to qualified individuals who reach the age of sixty-five and retire from employment after January 1, 1942. These payments, it must be remembered, will be paid as a matter of right and in proportion to earnings in contrast to old-age pensions which are a form of public charity paid in accordance with need. These federal old-age benefits are to be financed by means of special taxes assessed equally against the employer and employee, commencing with an aggregate tax of 2 per cent on wages of $3,000 per year or less in 1937 and rising gradually to 6 per cent in 1949. Benefits will vary from $10 to $85 per month depending upon average earnings and years of employment before retirement. Thus the law provides a monthly benefit of ½ per cent on the first $3,000 of wages, 1/12 per cent on the next $42,000, and 1/24 per cent on all over $45,000, excluding, however, all wages received in excess of $3,000 in any one year.

Obviously, under this plan, the lower paid workers are treated more generously than the higher paid, and middle-aged workers who are now nearing the retirement age will receive larger benefits, relative to their earnings and contributions, than the younger workers. The federal old-age insurance system, therefore, may be regarded not simply as a system for compulsory purchase of annuities, but also as a means of redistributing income in favor of the older and the lower paid workers.

In spite of the heavy taxes, or contributions, collected in 1937 and subsequent years from workers and employers under the insurance plan, and in spite of the relatively generous benefits payable to workers now approaching retirement age, it will be many years after payments commence in 1942 before average benefits under the contributory system will equal the maximum pensions now payable in most states under the old-age assistance plans. Thus a worker earning $100 monthly must be employed for eighteen years, and one earning $50 a month, for thirty-five years, before being entitled to a $30 retirement benefit. Therefore, the insurance system created by the social security act, in spite of its heavy taxes commencing in 1937, will not begin to function until 1942 and for ten or fifteen years thereafter will fail to provide benefits as large as the old-age pensions now payable in most of the states.

Since the plan, as finally adopted, contemplates the accumulation of an enormous reserve fund, which in thirty years will be as large as the entire public debt at the present time, it is obvious that tax collections will be far in excess of benefits paid for many years to come. Total taxes collected from employers and employees during the six fiscal years 1937 to 1942 will aggregate more than $3,800,000,000, yet benefit payments in 1942 will amount to less than $53,000,000. In 1943 annuity payments will be less than $100,000,000 but tax collections will exceed $1,000,000,000. By 1950 tax collections will be nearly $2,000,000,000 and benefit payments only $500,000,000, but the reserve fund will have grown to more than $14,000,000,000.

Thus these sections of the act are of more immediate importance as a fiscal than as a security measure. Whether the payments made by employers and employees are called "contributions," "taxes," or "savings" makes very little difference; they are flat percentage deductions from the current income of workers, on the one hand, and from the payrolls of employers, on the other. Since the latter will be largely passed on to consumers in the form of higher prices or passed back to employees in the form of lower wages, the burden of these payments will be a charge upon that part of the income stream which goes largely into the purchase of consumers' goods. A regressive tax of this nature can hardly be expected to have beneficial effects upon the standard of living, especially when it is realized that it will be super-imposed upon a federal fiscal system which derives most of its revenue from regressive consumption taxes rather than from progressive income taxes.

UNEMPLOYMENT INSURANCE

The social security act also imposes an additional payroll tax on employers with more than seven employees commencing at 1 per cent of total payrolls in 1936 and rising to 3 per cent in 1938. The purpose of this tax is to encourage states to adopt unemployment insurance systems, since the act permits employers to credit the amount of contributions paid into a state unemployment fund up to 90 per cent of the federal tax. Although the Social Security Board must approve state plans before employer contributions may be offset against the federal tax, the states will be allowed wide latitude in their laws and administrative practices. No standards are established as to the amount and duration of benefits, the length of qualifying and waiting periods, or the ratio of qualifying periods to benefit payments. Unemployment insurance, it must be remembered, does not provide a complete answer to the problem of unemployment. Even at its best a system designed primarily to care for transitional and seasonal unemployment cannot go far in meeting the tragedy of depressional unemployment. At its worst there is grave danger that an unemployment compensation system which is unwisely designed and ineptly administered may create unemployment as well as relieve it.

But, as stated in the report of the senate finance committee, "unemployment compensation does have real value for many workers. In normal times most workers will secure other employment before exhaustion of their benefit rights. Very recent British reports indicate that even during the present period of depression something like 55 per cent of all insured workmen who have become unemployed have found other work within three months. For the great bulk of industrial workers unemployment compensation will mean security during the period following unemployment while they are seeking another job, or are waiting for a return to their old position. In most cases the compensation they will receive will be all that they will need. While unemployment compensation will not do away entirely with the necessity for relief, it should very materially reduce the costs of relief in future years."

It is to be expected that the effect of the federal tax will result in the adoption of unemployment compensation systems by most or all of the states, financed by a 3 per cent contribution from employers' payrolls and supplemented in many cases by employee contributions. Clearly there will be wide variations in the nature of the state laws, in the coverage provided and in the effectiveness of their administration. The disadvantages of this situation are obvious; on the other hand the experience of the states may provide a sound basis for the ultimate development of an adequate system of unemployment relief.

Like old-age insurance, unemployment compensation will probably be limited to the occupations and industries subject to the federal tax, which means that more than half of the gainfully occupied, including the self-employed, farmers and farm workers, domestic labor, and certain other groups will be excluded from coverage and will therefore be dependent in the future as in the past on their own resources or on relief. Then too the federal tax is imposed only on employers of eight or more so that most of the state laws will probably also exclude workers in small establishments. This distinction on the basis of size of establishments creates not only administrative difficulties, but also serious competitive problems in the case of retail trade and similar types of business in which the typical concern may be close to the size limit. Thus an employer with eight or nine employees may add to the unemployment problem by discharging workers, for by so doing he may escape the entire amount of the tax. Even in the case of the larger establishments the payroll tax may have a slight effect in retarding re-employment although the burden is probably not large enough to cause wholesale discharge of workers. On the other hand, many of the state laws provide a definite incentive, through merit rating, for stabilization of employment.

One of the most important problems which may arise in connection with unemployment compensation is that involved in the accumulation and liquidation of the reserve fund. In theory, at least, contributions will exceed benefits during a period of business activity so that a substantial reserve will be accumulated which, according to the act, must be invested by the treasury in federal obligations. With the onset of depression and the increase of unemployment these securities will be sold and the proceeds paid out as benefits to unemployed workers.

According to estimates of the Committee on Economic Security, the operation of an unemployment insurance system with a 3 per cent payroll tax during the period of post-war prosperity would have involved the collection of $10,000,000,000, of which $8,000,000,000 would have been paid out during the period and $2,000,000,000 would have been available at the time of the cyclical downturn in 1929. Al-

(Continued on Page 145)

The Social Security Act: An Appraisal

While comprehensive and containing much that might not have been expected, it omits many things which should be included in a social insurance act

I. M. RUBINOW

Former Chairman, Hamilton County, Ohio, Advisory Board for Aid to the Aged

THE appraisal of a legislative measure, like a criticism of a book, may proceed from either or both points of view: first, as to what it actually contains, and second, as to what it omits. There are sins of commission but there may also be sins of omission, and under certain circumstances it may be even more important to point out the latter. The social security act is a very comprehensive and complicated piece of legislation. It contains a great deal that one might not have expected in a social insurance act—which it is meant to be—but also omits many other things which the American people had been led to expect would or should be included in a comprehensive program of "social security." A critical appraisal of the act must consider both what is and what is not in it.

Already the act has become the subject both of enthusiastic acclamation and equally violent denunciation. But the denunciations and criticisms proceed from diametrically opposite camps—one claiming that the act has gone too far and the other that it has failed to accomplish what it had set out to do.

It is no mere quibbling to say that its very title, "The Social Security Act", makes the act very vulnerable. What is more natural than to interpret this as meaning: "This act has brought social security to the American people." How many lectures, sermons, radio addresses, and motion picture reels have been delivered, hailing the act for having accomplished just that! It was the opinion of the press even: "The President's social security act has passed. The matter has been definitely settled"—until the renewal of conflicts around the state capitals about the passage of necessary state acts has forced the press to realize that the matter is not at all as simple as all that. Now what is the matter with the title "Social Security Act"?

To begin with, it is an absurd combination of words. The President's committee in 1934 realized it and did their best to eliminate at least the most obvious absurdity by substituting the term "economic security" which, whether accurate or not, at least means something. Economic security—security against economic consequences of certain risks and hazards—is all the legislation endeavors to accomplish.

But even if it were more modestly described as the "Economic Security Act" it still would be a presumptious title. The act covers certain hazards more—and others less completely. It entirely disregards certain other hazards. It excludes very large groups of working-men from certain of its provisions and also large elements of the American people of other economic groups. At most it may therefore claim to try to establish a limited degree of economic security against a few of the hazards which may be facing a limited proportion of the American people—roughly a good deal less than one half. In defense of an omnibus measure it was stated that if the bill were cut up into its component parts Congress might still be in session and talking about it. One wonders whether there is not perhaps a more plausible explanation in the desire, through this obvious complexity, to give the bill the appearance of completeness, which in reality it does not possess.

If we agree that the modest purpose of the act is to introduce the beginnings of a system of "social insurance," we will understand that the act, as do all social insurance measures, deals primarily with the working American, the wage worker, the salaried employee, the forty million of them, who with their dependents, constitute some 80 per cent of the American people.

HAS THE ACT MET THE PRINCIPAL ECONOMIC HAZARDS?

What are the main hazards to economic security which face the toiler and against which the method of social insurance has been found effective? Briefly, there are five:

1. Accidental injury or occupational disease resulting from employment, against which workmen's compensation furnishes protection.

2. Illness, including the hazard of maternity and also non-industrial accidents, resulting in loss of earning capacity, whether of long or short duration, and in need of medical aid. These problems constitute the problems of health insurance.

3. Old age, the merciless last chapter of our curriculum vitae, requiring some form of old-age benefit, pensions, or insurance.

4. Unemployment, a subject that today need only to be mentioned, and the proposed remedy of unemployment relief, doles, or insurance.

And finally, 5. Death, whatever be the cause, leaving dependents to be protected either by ample life insurance or widows' and orphans' pensions.

These are the five main branches with numerous subdivisions. Surely the provision of sufficient protection against all of these economic hazards would make for a very much different world. The enthusiastic reception of the presidential message of June 8, 1934, was apparently caused by the hope that all of that was to be accomplished.

To put it bluntly, it was not. First: from the point of view of a complete system of economic security, the total disregard of the problem of accidents, industrial or non-industrial, is open to criticism. The defense that workmen's compensation already meets the problem is not conclusive. Among the forty-five state acts many are admittedly thoroughly unsatisfactory, compensation meager. Literally millions of wage workers are still deprived of this necessary protection.

Second: Very much more important is the entire omission of the subject of health insurance—insurance against illness, which under normal conditions represents the greatest single contributing factor of physical and economic distress. And with it was omitted the whole subject of better organization of medical aid, which is a matter of primary importance not only in health insurance but also in accident compensation, in old-age assistance, and unemployment insurance. As far as twenty years ago it was forcefully advocated by the forerunners of the New Deal. Witness the slogan of those days which few today may remember! "Health insurance—the next step in social progress."

Why, with this background, was health insurance omitted from the program? . It was not forgotten. But the obstacle, which neither the advisory board nor the cabinet committee could overcome, was the stubborn opposition of the organized medical profession, or rather of the political leadership of that profession. Perhaps to compensate for, perhaps to disguise this very glaring omission, there are included in the act various health measures which, however useful in themselves, have only a very indirect relationship to a practical problem of social insurance and economic security.

Thus there is the ten-million-dollar appropriation to assist the states in establishing public health services as well as for the investigation of the problems of disease and sanitation by the United States Public Health Service. When the importance of public health is considered, the amount of the appropriation, of which eight million dollars is to be divided among forty-eight states, is not impressive.

The same observation can be made in regard to several other services which were dragged into the bill. There is the appropriation for reviving the old system of federal subvention to maternal and infant welfare work, but why limit it to the maternity and the infant group? In what way are the medical needs of other ages and sex groups less important? Surely no one should object to providing medical and surgical and other care for crippled children. But why limit this care to *crippled* children rather than all *sick* children, and why to crippled children only? The dependent blind need support and no one would want to begrudge it to them, but the problem of the blind is no different from that of any other invalid or permanently or prematurely disabled person.

SECURITY FOR THE AGED

However, all this touches merely upon its failures as a social insurance act. Its three primary objects by which it is to be judged are the provisions for: (1) aged, (2) unemployed, and (3) dependent and neglected children. The social security act is primarily a combination of three acts dealing with these three branches of social insurance with a few minor and quite irrelevant trimmings.

The problem of the aged is dealt with in two different ways, corresponding to the two clearly differentiated systems which had been competing in Europe for over a quarter of a century. Those are: (1) old-age pensions, so-called, and (2) contributory old-age insurance. This competition still goes on. Only a few countries had wisdom enough to see that mere "insurance" offers no immediate solution of the pressing problem of dependent old age, and that, on the other hand, "gratuitous old-age pensions" remained a somewhat prettily disguised system of poor relief. Nearly twenty-five years ago in his book on "Social Insurance" the writer answered the question as to the preference between these two systems by one word, "both." He has consistently preached this doctrine for all these twenty-five years. The President's committee is to be commended for its courage in accepting the answer urged upon it by its experts.

There is less criticism and more enthusiasm for the part of the act which undertakes to assist those already of age requiring help, or soon to reach it, so that the system of old-age insurance can be of little use to them, through federal aid to state old-age assistance plans. The widespread adoption of state old-age assistance laws indicates that the American people have already made up their minds that at least the totally destitute aged were not to be allowed to starve nor to be forced unwillingly into poorhouses and almshouses. The federal government by offering a substantial subvention will not only induce the backward states to legislate, but would make a more generous treatment of the aged in all the states possible. The inducement is considerable. The average pension payable in this country today approximates $15 per month, in some states a good deal less; obviously an amount insufficient for a decent American standard of existence. Various standards were suggested during the Congressional discussions up to those of the Lundeen bill demanding old-age pensions equal to full wages, and the Utopian plans with $50 to $100 a month, to say nothing of Dr. Townsend's plan of $200 a month to every person over sixty years of age. Finally the amount of $30 a month, the conventional dollar a day, was determined upon as reasonable, and the government is definitely committed to carry one-half of this burden, one-half of the amount actually paid, provided that half does not exceed $15.

These very generous intentions of the act may remain intentions only, for unfortunately there is no guarantee whatsoever that the average will reach $30, that the states will undertake to pay or continue to pay their share of $15. The original draft of the act gave the federal agency authority to disallow federal aid if the state pension was not adequate to provide "a reasonable subsistence compatible with decency and health." This was stricken by Congress, and there is no assurance that state and local governments will not use federal aid to relieve the local taxpayer rather than to provide more adequate old-age pensions.

OLD-AGE INSURANCE

Much more far-reaching is the complementary system of compulsory contributory old-age insurance (for some reason disguised in the act under the meaningless title, "federal old-age benefits") which provides for annuities at the age of sixty-five, ranging from $10 to $85 a month, depending upon the length of insurance and the earning capacity of the insured. The cost of this insurance is to be borne by equal contributions from employers and employees, beginning with one per cent of the payroll from either in 1937 and gradually rising to three per cent from 1949 on.

The provision for old age made under this system is fairly satisfactory, especially for the younger group, which will profit by the greater length of insurance, provided *that our currency will not be tinkered with again* and that the purchasing power of the dollar will, by 1980, be at least somewhere near the present standard. *A crude inflation and devaluation would rob the insured of all the fruits of their enforced savings.*

The severe and justified criticism has been made that with all its liberality in expenditure of funds today, the administration insisted upon placing the entire burden of old-age security upon employer and employee, without making any contribution to these benefits out of the public treasury, as is done in almost all the foreign old-age social insurance systems. This consideration for protecting the interests of the children and grandchildren of the taxpayer of today unto the third generation is a little surprising.

Yet one may at this time abstain from condemning the entire system of compulsory contributory old-age insurance because of this aspect—as some critics have already done. The acceptance of the principle of compulsory contributory insurance on a national scale—if it is to be sustained by the courts—is too important, represents too great an advance in our social thinking, to be rejected merely on one point, that of regular government contributions, which may be added at any time in the future when public thinking has made sufficient progress. As such addition of a government contribution may mean both an increased provision for the aged, or lifting of a part of a burden from the shoulders of industry and the wage worker, there should be no lack of social pressure to achieve the results some time in the future, perhaps before 1949, when the maximum contribution of three per cent from either is to be reached.

The straight-laced effort to make the system "self-supporting" and "actuarially sound", for which the responsibility seems to fall primarily upon the secretary of the treasury, is the result of applying the concepts of private insurance business to social insurance, and is altogether unnecessary. It was brought about by failure of giving due weight to expert opinion, impatient meddling of "statesmen" into technical problems. It was this mixture of technology and hasty statesmanship which is responsible for the creation of the ghost of the forty-seven-billion-dollar reserve by 1980. It is to be hoped that in the next ten years a fundamental reconsideration will be made of this subject, resulting in government contribution (gradually replacing gratuitous pensions) and a drastic cut in the three per cent plus three per cent rate of contribution.

But even if the government treasury was determined to avoid any part of the responsibility for the cost of these annuities, it does not follow that the mechanism of contributory old-age insurance should have been used for the direct purpose of liquidating too quickly the obligation already assumed both by the federal and state governments for gratuitous old-age assistance. Old-age insurance is primarily the purchase of an annuity. The account accumulated to the credit of the individual at the age of sixty-five will determine the size of the annuity that can be granted unless the difference is to be paid from other sources. Now it is quite clear that the total payroll of $3000, even at the full rates of three per cent and three per cent, or a total of $180, cannot justify the minimum annuity of $15 per month or $180 a year from sixty-five until death. Yet this is what the act guarantees to the older insured and it can only do so at the expense of the younger men. This is not "actuarial soundness." It is the perversion of it. It puts upon the masses of the younger assured the burden of retirement of older men, thus relieving the federal government of its responsibility under the old-age assistance provision.

Thus the actuarial bases of the act must be completely revised, but since the payment of old-age annuities will not begin until 1942, there is ample time and will be ample opportunity, provided in the meantime a better understanding of the principles of social insurance is achieved by the legislators.

AID FOR DEPENDENT CHILDREN

Comparatively little has been said about the provision in the social security act for grants to the states for aid to dependent children. Federal aid for mothers' assistance—which exists in all the states but two or three, at least on paper—has received universal approbation. For some mysterious reason, while Uncle Sam was offering to match a dollar for each state dollar for the benefit of the old folks, he grew parsimonious when it came to the children, and reduced his grant to fifty cents on the dollar.

So far so good. But will the resulting situation be one of security against the vicissitudes of widowhood and orphanage? Some 150,000 widows and perhaps half a million children will benefit by the combined system of state and federal grants. How will that compare with the needs of some five million widows or even the two million widows under fifty, the majority of whom have minor children? How does it compare with the two hundred thousand widows receiving pensions in Great Britain, with a population of one-third of that in the United States, or half a million pension widows in Germany—at least before the advent of Hitler—with a population one-half of the United States? At best, mothers' allowances are a glorified and somewhat camouflaged system of public relief, based upon a rigid system of means test and dependent upon annual appropriations. Must we think of the new concept of social security in terms of the old familiar indignities of public relief?

UNEMPLOYMENT COMPENSATION

Let us now consider that section of the act which stands out as the most revolutionary—unemployment compensation. At least until the close of 1935 the impression was almost universal that the social security act had actually established a system of national unemployment compensation. To begin with, the social security act does not establish a national unemployment compensation system. For some reason it did not dare. There was the question of constitutionality of the federal government going into the social insurance business. In the case of old-age insurance the act answered the question in the affirmative—not so in the case of unemployment compensation.

Thus we have found in the law three different methods of approach. One is *straight federal insurance* for old-age annuities. Then there is the method of a *bait or inducement* through federal subsidy, as in the case of old-age and mothers' assistance. In unemployment compensation there is a novel approach, a *threat* rather than a bait, the compulsion method of a tax which is to be not "baited" but "rebated" to the states if they establish satisfactory state unemployment compensation systems of their own. Though nine states and the District of Columbia have already enacted laws, it may take years before the country will have forty-eight unemployment compensation acts. In the meantime, according to the federal act, these state unemployment compensation acts, to be approved by the Social Security Board, must provide that after the state legislature has enacted the law, and after the law has gone into effect, contributions must be collected for two years before the first benefits may be paid. (Sec. 903) Actuarially there is no justification for this extensive delay.

And yet this is not the most important difficulty, nor even the fact that millions of wage workers have been left out in the cold. The difficulty is that the system, even when it is in full operation, will only offer protection against a very small part of unemployment. The standard three per cent payroll levy required by the act will provide only for some fifteen weeks of benefit.

Of course the three per cent levy on the employer's payroll could be considerably added to by contributions from employees and the public treasuries. The first possibility is still left to the states, and six states have done so. As to contributions from the public treasury by means of an increased income tax, for some reason, after paying billions for unemployment relief, Washington decided upon a complete somersault and the necessity of relieving the public treasury entirely of any participation in the cost of public unemployment compensation, contrary to the experience of most European countries.

Another very fundamental objection raised against the unemployment insurance plan is the failure to establish definitely an insurance or "common pool" system, as against that curious contribution of American thinking to the theory of unemployment compensation, the so-called Wisconsin individual plant reserve plan. A detailed analysis of this problem within the narrow limits of this sketch is quite impossible. A general familiarity with the heated discussion of the last two or three years as to the respective merits of the Ohio and Wisconsin plans must therefore be assumed. The general preponderance of both technical and popular opinions in favor of state pools against individual reserves during the last three years—in fact, since the publication of the report of the Ohio Unemployment Insurance Commission—has been quite obvious. It was very unfortunate that the provision in the bill as passed by the house, requiring states to set up a single pooled fund, was later stricken, thus permitting either type of law to qualify under the act.

Yet it is not my intention to minimize the importance of the act. I do agree with the President's observation that, "It is the most important act of the 74th Congress, one which by itself would justify its existence."

CONCLUSIONS

Of course, if one has taken literally the promises of a complete system of economic security, then the comparison of promise with performance must lead to deep disappointment. But after all, is that the creative democratic attitude which a free people should take towards a legislative machinery? One might well ask what we had done to deserve a complete, comprehensive, and unified system of social insurance? What have we done during the last twenty years to make the masses understand or want it? Is it necessary to assume that all the light and wisdom and guidance and progress must come out of Washington? Just because at present national leadership is progressive, may one assume that this will always remain so? Surely it has not been that always in the past.

In the past, New York and Massachusetts and California and Wisconsin and sometimes Ohio showed the way to the rest of the country in the matters of social legislation. They were often ahead of federal legislation. Are we so sure that a privilege of initiative and leadership need be so easily abandoned to the federal Congress in which Kentucky or Alabama or Georgia may count as much as the progressive east or northwest?

If we but remember some of these fundamental principles of our political reality, we can then appraise the true significance of the social security act not in terms of fulfillment of a promise which perhaps should never have been made, but as a beginning of a program, the realization of which must be the function of the self-governing processes of a democratic people. Social insurance, if not a Utopia, is an ideal. That this ideal has been announced and is being accepted by an increasing proportion of our people is, in itself, a great achievement. What is important is that the ideal of a moderate prosperity plus security for all of us promises to replace the cannibalistic system of a constant competitive struggle. In this struggle for a more peaceful social structure, must one put all one's hope in the source of federal authority? If one may be permitted to use the militaristic term so popular today, "Washington is not the only front on which an attack of human rights can be made." There are forty-eight additional states—Albany, Columbus, Harrisburg, and other state capitals. The attack in Washington was not altogether a failure. Some important positions were captured but it is apparently in those state capitals that from now on better unemployment compensation acts, more generous provisions for our aged, and fairer distribution of the financial burden, the entire territory of health insurance and organization of medical aid, that all of these, at least gradually, may be achieved.

ECONOMIC IMPLICATIONS OF SECURITY PROGRAM

(Continued from Page 137)

though this sum would have been insufficient to provide unemployment benefits throughout the depression, it would have served as a substantial cushion against the immediate impact of the industrial collapse.

Grave problems are involved, however, in the investment and liquidation of such a large sum. If used for the purchase of outstanding government bonds during a period of prosperity, this money would inevitably find its way into the capital markets and thus, perhaps, accelerate the rise in security prices and the flotation of new securities, at a time when business activity was developing into a dangerous boom. Later, when these securities were sold in order to provide funds to pay benefits, their liquidation might serve to accentuate the collapse. Hence the financial operations of the insurance fund might have the effect of aggravating the disease it is designed to cure. The accumulation and liquidation of the unemployment reserve, however, might be handled in such a way as to dampen the exuberance of the boom and mitigate the effects of the depression, although such a procedure would probably involve "sterilization" of excess funds and a loss of interest payments on the "investment."

This problem, perhaps, may never arise, since benefits may be paid so generously that a substantial reserve fund will never be accumulated. In that event a problem of a different nature would arise since the insurance system would face a prolonged depression without adequate reserves. In any event it is clear that unemployment insurance along traditional lines cannot, and should not be expected to, furnish a complete answer to the problem of unemployment. A soundly conceived and well administered system of unemployment compensation can meet the hazards of transitional unemployment during normal times, but in periods of prolonged and severe depression many, if not most, workers will exhaust their right to benefits before they find other jobs. There will still be need for organized relief to care for those workers who are no longer eligible for benefits as well as for those who are engaged in occupations not covered by the compensation system.

Administrative Problems of Social Security

The social security program starts a series of great enterprises simultaneously, and so presents to federal and state administrators tasks that challenge their creative competence and their ability to work effectively together

CHARLES McKINLEY *Reed College*

Social security administration, as legislation has thus far developed in the United States, encompasses three major activities and a larger number of minor tasks. Those major duties are the two complementary enterprises of creating a system of contributory annuities to guarantee a modest retirement annuity to working people when they reach age sixty-five and of improving the present financial provisions for our aged folk who are either now on relief or are in imminent danger of slipping down to that status. The other large social security enterprise is the development of a system of unemployment compensation which will speedily cover each of the forty-eight states together with the District of Columbia and the territory of Hawaii. These are gargantuan enterprises when measured in terms of the number of people directly affected and the volume of funds anticipated to finance them. Registrants for the old-age annuities (called benefits in the social security act) and unemployment compensation alone are expected at an early date to number between twenty and thirty millions, and to rise ultimately to possibly fifty millions, as the gaps in the present coverage of unemployment compensation are filled and as both the proportion and the absolute numbers of the aged in our population increase. These two enterprises will require, eventually, contributions of approximately three billion dollars a year. Aid given the needy aged will soon absorb another billion dollars.

When to these chief functions of the present social security program are added the many minor activities (grants-in-aid for the blind, for dependent and crippled children, for maternity and infant care, for an expanded public health service, and for more ample social services for children) the expenditures may overtop the total of the normal annual appropriations of the federal government heretofore. While health insurance is thus far absent from our legislative program, there is a prospect that a plan for reducing the hazards consequent upon sickness may in a few years be added.

We start this great series of enterprises with certain definite handicaps. Our people as a whole, and most of our public officials, have little or no knowledge about old-age or unemployment insurance. We have almost no native experience to teach us and European experience seems very remote. We have been inclined to ignore it as irrelevant to America. As a consequence, the broad popular understanding which is needed to facilitate and support good administration of "social security" is lacking. An active and informed public opinion must be created—and that rapidly—as a prerequisite to real administrative success. It is a good augury that the federal Social Security Board seems already to have a full appreciation of the importance of this task.

MANY ENTERPRISES AT THE SAME TIME

We are undertaking to start a whole series of social security enterprises at the same time, an enterprise unique in modern administrative experience. In England, for example, the way for a complete program was prepared gradually. A nation-wide system of unemployment exchanges was developed some years before unemployment compensation was undertaken. One by one the different phases of the British program of social security were developed, permitting the needed administrative preparation. But in America such gradualism has not occurred. Suddenly American public sentiment appears to have ripened into a desire for a full-fledged social security program. When such moods of public opinion occur, a whole series of enterprises has to be planned and worked into an administrative structure, despite the hypothetical desirability from an administrative standpoint of a slower, piecemeal program. Social forces do not always move in nice, logical patterns. The opportunity has to be seized when it occurs. As a consequence, the administrative organization is compelled to play the part of the prestidigitator who must keep a half dozen balls tossing into the air at the same time. The administrative structure and the procedures which are needed must spring full grown from the brows of the men in charge of the six national operating agencies and the dozens of state and local departments.

CULTURAL LAG IN PERSONNEL PRACTICES

Fortunately all of the federal agencies entrusted with administrative tasks connected with the social security program (including the new Social Security Board) are covered by the merit system, but the personnel traditions and practices of state and county governments which will participate in the administration of a number of important phases of the new legislation are not so promising. The lag in our political culture is greatest in these local jurisdictions. All but a handful of the states are unprotected by law and habit from the spoils tradition. The counties are even worse off than the states. These facts have been brought home with peculiar force to all those who have observed the administration of relief funds during the present depression.

One of the dangers to the administration of unemployment compensation, particularly, is the likelihood that state administrators will fail to distinguish between the nature of relief functions and insurance functions. In the case of the former, it has been very easy to make arbitrary changes in policies governing the distribution of relief funds. For in that situation, the applicant for relief possessed few vested legal rights. This will not be true in the case of unemployment compensation. The workman who applies for benefits has definite legal claims against the insurance fund. Lax or capricious administration, therefore, will be countered by appeals to the courts for the judicial enforcement of vested rights. It follows that one consequence of lackadaisical or partisan management will be a multitude of suits which may seriously clog the administrative process. The development in the states of a whole new series of administrative tribunals and new kinds of administrative law will be indispensable accompaniments of the successful functioning of social insurance, constituting an additional challenge to the states to modify their political practices concerning administrative personnel.

FEDERALISM IN ADMINISTRATION

Assuming that the division of tasks between nation and states provided for in the social security act is constitutional, we turn to an examination of the possibilities for creating administrative devices and practices that may yield an effective and harmonious administrative process.

There are three different aspects to this problem. First is the task of working out the proper balance of activity as between the national and state agencies. This applies to all of the functions except the old-age annuities (benefits), and involves the Children's Bureau, the Public Health Service, and the Federal Employment Service, as well as the Social Security Board. The initiative in this creative experiment must come from the federal agencies, and that at a time when the rising tide of resentment in the states against federal dictation will require extreme delicacy in the methods of approach used by the federal administrators.

At the outset of its administration of grants-in-aid, the Social Security Board was faced with two general choices. First, it might lay down certain minimum requirements for state administration, such as unity of organization for all three grants and standards of reporting both fiscal and non-fiscal data. Second, it might leave most of the principles for effective administration unexpressed and consider each state plan by itself as it was presented. This second choice would not mean that the board was without its major premises concerning proper state administration, but that these would be, at least for public purposes, inarticulate.

As a matter of fact, the board has in a sense chosen a course midway between these two choices, insisting upon certain financial reports and statistical data from the states while leaving the matter of administrative structure without explicit definition and subject to the powers of persuasion and gradual education rather than command.

There is a fundamental inconsistency between the limitations imposed by the social security act upon the board in its relation to state personnel and the generous grant of authority to the United States Employment Service made by the Wagner-Peyser act. The employment service has broad powers over the personnel standards of the coöperating state employment services. This inconsistency is much more than a matter of academic interest, since the task of the Social Security Board in supervising state administration of unemployment compensation and perhaps also its function as a great insurance organization for old-age benefits, will require a close articulation of its work with that of the United States Employment Service. The same quarters, and to some extent the same staff, may very well be used for both. A Siamese-twin relationship exists between the two services, yet one twin has large control over the qualifications for state administrative personnel, while the other has none. There is likewise certain inconsistency in the implicit assumptions of the act which gives the federal board the right to make the states enforce county and town personnel standards, but denies the board a corresponding control over the state personnel which is to supervise these local staffs.

These are relationships affecting proper administration which can and should be better defined by future Congressional action. In the meantime, the habits of coöperation now started between the Social Security Board, the Children's Bureau and the United States Employment Service and the states may achieve a workable "federalized" structure.

The second phase of the federalizing process relates to the dovetailing of local administration into the overlying state and federal administrative structure. Problems very much like those on the state level are presented in connection with the local administration. Shall the county be made the unit or will it be permissible for the local functions to be distributed in those states where the town or township form of local government is strong, between the county and the subordinate local units? In many parts of the United States there is intense reluctance on the part of county and town officials to give up any of their independent prerogatives. Thus, there is ahead the task of working out a federal structure upon two levels. So far, the Social Security Board has insisted that in connection with the administrative plans for public assistance grants, the states must provide for supervision of local administration which includes certain minimum activities; namely, an adequate state audit of local accounts, proper financial reports to the state agency, field supervision by the state over the local organization, and the fixing of standards by the state for the local administrative staff.

REGIONALISM

A third challenge to the administrators of the Board arises in connection with the problem of distributing power within the Board's own organization as between the national headquarters and the regional, district, and local agencies. It is quite obvious that Washington cannot do all the work of handling the old-age annuity for twenty-five million clients. One of the tasks which the board has already begun is the locating of regional, district, and branch offices for this work. To do this well, decisions should be made concerning which functions are to be entrusted to the regional, district, and branch establishments, and which are to be reserved to the Washington headquarters. It is clear that somewhat different problems of central and local activity are involved in each of the three main tasks of the board, that is, old-age benefits, grants-in-aid, and the supervision of unemployment compensation. In administering the first function, the question of numbers to be handled is a matter of prime importance. Studies of population, and the ratio of probable annuitants to the total population represent the elementary steps in deciding about the location and size of regional and local districts for that purpose. Convenience of transportation is probably the other most important consideration. With grants-in-aid, however, other principles must be observed, among which are the integrity of state boundaries and the coincidence of district offices with state administrative locations. Unemployment compensation requires a still further principle for delimiting the regional areas, namely, that of homogeneity of industrial activity and similarity of employment problems. Then there is the problem of trying to articulate the subnational offices and boundaries with those of other national administrative agencies, particularly the United States Employment Service.

This task of locating regional areas ought to be linked up with the work of the National Resources Committee which has recently adopted a report based upon a special study of regional factors in national planning and development, prepared by a committee of which Professor John Gaus is chairman. The conclusions of that committee will need to be kept in mind by the Social Security Board in making its designation of regional centers. Doubtless it is impossible to be certain in advance of actual experience as to how far the regional staffs should be given autonomous administrative functions. It is unfortunate that the most relevant experience of other federal agencies in trying to meet similar problems of central versus regional control has not been adequately revealed, so that the board might be able to shorten the trial and error process through which it will have to go.

TAX COLLECTION—RECORD PROBLEMS

We come, finally, to some of the administrative problems of that most unpleasant aspect of the social security program—tax collections. Payroll taxes are the chief sources of funds. For the federal government, this is an entirely new kind of tax to collect. The federal and state tax collectors should plan their tax collection programs so as to assure completeness of return, difficulty of evasion, promptness of audit, and a minimum of irritation. This means that the employers' return to both federal and state governments (in the case of unemployment compensation taxes) should be planned on some common pattern so that both may be readily made from the same payroll records. The two returns to the federal government (one for annuity taxes and the other for unemployment compensation) should be similarly designed. Irritation of explosive proportions which might wreck the experiment in social security before it gets under way is possible unless the pattern of tax reports is carefully articulated with employer payroll and bookkeeping practices and harmonized between the different governmental agencies.

But the problem of "paper work" does not end there. To forestall the ever present temptation to cheat and evade in paying these taxes some plan of reducing the need to rely on checking or inspection of books is urgently required. Obviously if the employer has to give the employee on whose behalf the taxes are paid a copy of his return to the government agencies, that would be rather ample guarantee of honesty of return. But how shall that be done? If, as seems to be the concensus of informed administrative opinion, the stamp-book method of collection is unsuited to the American situation, can some other simple device be discovered which will not unduly increase the employer's burden?

These are questions calling for full and exact knowledge of our business practices. They and the other difficulties we have outlined are challenges to our administrative inventiveness, and to the capacity of our federal and state officials to work together. Perhaps the pain of our recent experiences may furnish sufficient incentive to speed up the evolution of adequate administrative institutions and procedures. That, at any rate, is what must be striven for.

NOTE: For detailed discussions of the administrative problems that will be present in handling the public assistance grants, managing the employment offices, and in handling unemployment compensation, see the following articles in this same volume.

Civic leaders interested in citizen organization for better local government will welcome a new printing of "Detroit Rules Itself" by William P. Lovett, for many years executive secretary of the Detroit Citizens League. How Detroit citizens organized in support of good city government and how they have succeeded in maintaining it is narrated in clear and interesting detail. Apply to Mr. Lovett, 1022 Dime Bank Building, Detroit. 232 pp. $1.60. *Adv.*

Federal-State Cooperation Under the Social Security Act

Provision for grants-in-aid in the social field, to be spent by states under federal supervision, will pave the way for greater coöperation between states and nation

JANE PERRY CLARK *Barnard College, Columbia University*

The federal social security act is based for the most part[1] on a plan of federal-state coöperation, through the use of the time honored device of federal grants-in-aid for the promotion of state work in certain fields, and through the use of the somewhat less familiar arrangement of a federal tax against which, under certain circumstances, payments made to states may be credited. Only the provisions for unemployment compensation are dependent upon this latter arrangement, but the grant-in-aid is the heart of much of the act.

Eight separate grants are provided in aid of state programs of social legislation, as well as extension and additional appropriation for vocational rehabilitation under the existing federal act. The various grants-in-aid for state work are: (1) for assistance to dependent children (title IV), (2) for maternal and child welfare (title V), (3) for services for crippled and physically handicapped children (title V), (4) for child welfare in rural areas (title V), (5) for public health services (title VI), (6) for assistance to the blind (title X), (7) for assistance to the aged (title I), and (8) for unemployment compensation administration (title III). The act authorizes federal appropriation in varying amounts for each of these services, but the failure of passage of appropriations by Congress in August of 1935 meant postponement of allocation of funds until the new Congress acts.

These applications of grants-in-aid in the social field are but new developments of a well known practice. Gradually the superior taxing power of the federal government has become apparent and coincidentally the increasing need of the states has appeared for aid in the development of their own services along a wide front. So grant-in-aid practice and theory have evolved in numerous widely differing fields, such as agricultural education, vocational rehabilitation, highway building, and the establishment of public employment offices. From them the significance of federal aid, with some federal standards and supervision, has become apparent.

The early grants in the mid-nineteenth century were gifts from a benificent federal government with no qualifications imposed for the expenditure of federal funds within the states. Thus the grants of public lands to states for educational use were freely given, for the need had not yet appeared for either federal technical assistance to strengthen state and local services, or for a degree of federal supervision in the spending of funds given to the states. Gradually the federal government has come to attach more and more strings to its gifts, though it still in numerous instances gives outright grants of fixed amounts to each state, regardless of size or other considerations. Several such outright grants are found in the social security act, as in the allotment (in part) for maternal and child welfare services and in the aid to crippled children (in part also).

---

[1] Only the provisions for old-age annuities are founded on a straight federal rather than a federal-state plan.

A common requirement of grant-in-aid acts over a long period of time has been that of matching the federal aid. The social security act utilizes this principle, except for administration of unemployment compensation, in which it is expected that the federal grants will cover the entire cost. The other grants-in-aid generally require state and local expenditures equal to the federal aid. In the case of assistance to dependent children, the federal aid is limited to one-third instead of one-half the amount spent by the states, with further individual limitations.

REQUIREMENTS FOR GRANTS-IN-AID

Federal grants to states are usually allocated according to a specified formula involving such items as population, road mileage, fixed amounts to each state regardless of population and last of all "need." The social security act adopts several new and different formulae for allocation of grants-in-aid to the states. Thus, in addition to an outright gift, the act gives money to states for maternal and child welfare services partly in proportion to live births and partly on the basis of need, taking into consideration the number of live births in each state accepting the terms of the grant. A uniform grant is given to each participating state for the care of crippled children and, in addition, funds are given on the basis of need, taking into account the number of crippled children in need of such services and the costs of furnishing medical care to such children. The child welfare grants are made on a similar basis, under which funds are partly allocated in the proportion which the rural population of a state bears to the total rural population of the United States. The provisions for grants for public health set up treble requirements, for the surgeon general is to allocate funds to the states on the basis of population, special health problems, and financial needs.

In some respects, the grants-in-aid in the social security act are fundamentally different from any previous grant-in-aid and as such are worthy of particular emphasis. Thus in the provisions for the aged, the blind, and dependent children, no specific sum is allotted between the states. Instead, the federal government will pay a fixed proportion of the local cost, and provide whatever sums of money are necessary for this purpose. This is a very different policy from the former requirement of state matching which does not necessarily mean at all that the federal government will pay one-half the total cost, subject to limitations per individual. This policy is in essence the antithesis of an equalizing grant.

An unmatched grant, however, does not necessarily mean a grant in which the federal government has no lever of control, for states may be required to conform to certain administrative standards before they may be considered eligible to receive a federal grant-in-aid. These standards may be imposed by the federal statute itself or by a federal administrative authority. The imposition of standards either by the act itself or by administrative action is of the essence in any grant-in-aid statute, and on the wisdom of those standards will turn the success or failure of the administration of a grant-in-aid act. The statutory requirements made of states by a federal act may be definite, with comparatively little leeway allowed the federal administrative authority, as in the national defence act. On the other hand, the federal act may lay down general statutory standards with a high degree of federal administrative control, as under the highway acts.

In the social security act, the statutory standards are made in general terms. Thus in the sections regarding old-age assistance, aid to the blind, dependent children, and maternal and child health, a state plan for each type of assistance must be submitted by the state to the designated federal administrative agency. In the cases of assistance to the aged and the blind and to dependent children, that agency is the newly created Public Assistance Bureau of the Social Security Board, while in the cases of maternal and child health services and care of crippled children, the agency is the federal Children's Bureau of the Department of Labor. Each of the plans in regard to aid to the blind and the aged and to dependent children must be state-wide, and if administered by political subdivisions of the state must be mandatory upon them. This requirement will probably necessitate considerable revamping of state laws in these fields, which at present are in many instances neither state-wide nor mandatory on local units of government.[2]

Still further statutory specifications are made. Each state accepting the grant for each of these groups must participate financially in each type of assistance or service.[3] A single state agency must be established or designated to administer the state plan, or at least to supervise its administration, and in the case of maternal and child health services, the state health agency must be used. In the cases of the first three of the groups mentioned above, persons whose claims for assistance have been denied must be permitted an opportunity for a fair hearing before a state agency. In regard to aid for the old and the blind, the state residence requirement may not exceed five years, within the last nine years, and only one year of residence immediately preceding an application may be required, nor may any discrimination be exercised against any United States citizen so that he is excluded from benefits. No state residence requirement in regard to dependent children may disqualify a child who was born in the state during the preceding year, if its mother lived in the state for the year preceding its birth. These maximum residence requirements will require amendment of the law, or even constitutions, of many states. The possibilities for conflict between federal and state requirements were realized in one federal statutory condition, for the act provides that until 1940, a seventy-year age limit is allowable in state old-age assistance laws, but after that date sixty-five is to be the maximum.

FEDERAL CONTROL

Two general conditions are of importance in their indications of the possibility of federal administrative control. State agencies are required to submit reports in each of the categories under discussion, when and in such form as may be required by the designated federal administrative agency. Last of all, such methods of state administration must be provided as are found by the Social Security Board to be necessary for the efficient operation of the state plan "other than those relating to selection, tenure of office, and compensation of personnel."[4] The exceptions would seem effectively to prevent any extension of federal control or assistance by the development of administrative standards in regard to the all-important problem of personnel, and constitute a serious limitation on the possibility for the development of a non-political service in this extensive new branch of the American welfare program. Apparently the act in its present form must follow the developments under the old Sheppard-Towner act for the protection of the hygiene and welfare of maternity and infancy, where no requirements whatsoever were required by the federal act in regard to state personnel in state bureaus administering the act, whether those requirements concerned education, training, experience or other qualifications for the work. Apparently, too, no such development is possible as has occurred under the Wagner-Peyser act establishing a federal-state employment service.

---

[2] *Cf.* LeBrun, H., Old-Age Pensions and Federal Standards, *Social Security,* Nov. 1935; Bloom, A., State Mothers' and Blind Pension Laws and Federal Standards, *Social Security,* Jan. 1936.

[3] Except that a state old-age assistance plan need not provide state financial participation before July 1, 1937, where the Social Security Board finds the state is prevented from so doing by its state constitution.

That act, as originally introduced in Congress, provided for civil service examination for employees of the federal-state employment office system, but as finally adopted it provides for appointments to be made in the service "without regard to the civil service laws." Nevertheless, the section of the act which authorizes the United States Employment Service to increase the usefulness of the public employment offices throughout the country by "developing and prescribing minimum standards of efficiency" has been wisely used to require a merit system of appointment. In those states which have civil service systems, an examination program is administered by the state civil service agency in coöperation with the United States Employment Service and the federal Civil Service Commission. In states with no state civil service, the United States Employment Service in coöperation with that same commission has by administrative requirement provided for a merit system of appointment for employees. Although the Social Security Board and other federal agencies in charge of the administrative aspects of the social security act have established civil service requirements for their own personnel, they are effectively limited by the act in its present form from extending supervision over state personnel.

WHAT WILL CONSTITUTE SUPERVISION

Aside from the important and serious limitation indicated, it is too soon to know just what line federal administrative supervision will take. In comparison with other recent federal aid legislation, little authority is given to federal agencies to require minimum administrative standards of the states, save as to the provisions relating to public health and child welfare. These provisions make a broad grant to federal agencies, which in these fields may go so far as by administrative action to require state matching of federal funds. In the other sections of the grant-in-aid program, the conditions are general. The Social Security Board is required to approve any plan which fulfills the conditions laid down by the act itself. However, in view of the decision in the Hoosac Mills case which declared the AAA unconstitutional, a lack of rigid statutory standard may be a constitutional safeguard, for the opinion of the majority of the court, while distinguishing between conditions exacted under a grant-in-aid statute and conditions made by contracts under the AAA, nevertheless gives pause for thought as to the possibility of future limitations on other aspects of the spending power. Furthermore, the doctrine which forbids delegation of legislative power, recently given new lease on life by the decisions of the Panama Oil and Schechter cases, might rise to forbid a high degree of federal supervision under rules and regulations established by a federal administrative agency.

---

[4] Title I, Sec. 2 (a); Title IV, Sec. 402 (a), Sec. 503 (a), Sec. 513 (a); Title X, Sec. 1002 (a).

Under the grant-in-aid system, the federal government may wield a "big stick" if it so desires by revocation of coöperation and of grants, as has occasionally been done under the highway acts, and again under the emergency relief administration. The social security act retains the possibility of such control, for it provides that if after notice and hearing the proper federal administrative organization finds that an approved state plan has been changed either by law or administration to include requirements prohibited by the act, the grant-in-aid to the state may be suspended.[5]

The other important coöperative federal-state arrangement of the social security act is found in the tax rebate device of the unemployment compensation provisions. Beginning January 1 of this year, a federal payroll tax of 1 per cent,[6] increasing to 3 per cent in 1938 and thereafter, has been imposed on employers who on each of some twenty days during the year employ eight or more workers, exclusive of domestic servants, agricultural workers, casual laborers, members of the crews of ships, federal and state government employees, workers over the age of sixty-five, and employees of charitable and educational institutions. Credit will be allowed these employers up to 90 per cent of the federal tax, for any contributions made to an approved state unemployment compensation plan. This coöperative arrangement is designed primarily to remove the disadvantages of states which have enacted unemployment compensation laws in comparison with states which have no such laws.

CONDITIONS FOR FEDERAL APPROVAL

In order that credit may be allowed under the act, approval of state laws must be given by the Social Security Board. Although great latitude is allowed to the states in the selection of the type of unemployment compensation plan which it adopts, nevertheless, certain general conditions are required to be met before approval may be given. These conditions are:

1. All compensation is to be paid through public employment offices in the state or through such other agencies as the board may approve.
2. No compensation is to be payable until after two years of contributions.
3. State unemployment funds are to be deposited with the Unemployment Trust Fund established by the act in the United States Treasury.
4. Money withdrawn from that fund is to be used solely for unemployment compensation, exclusive of administrative expenses.[7]
5. Compensation is not to be denied to any eligible individual for refusal to accept work if (a) the position is vacant due directly to a strike, lockout, or labor dispute, (b) the wages, hours or conditions of work are substantially less favorable to the individual than those prevailing in the locality, or (c) if the individual would be required to join a company union or to resign from or refrain from joining a *bona fide* labor organization.
6. The state must retain the right to repeal or amend its law.

---

[5] The child welfare and public health provisions do not specifically allow for revocation.

[6] The tax is imposed for the calendar year ending December 31, 1936.

[7] It must be borne in mind that the act provides a federal grant-in-aid to be given from time to time as the Social Security Board determines necessary for the proper administration of a state law, taking into account (1) population of the state, (2) number of persons covered by the state law and cost of proper administration, (3) such other factors as the board finds relevant.

So there is a certain degree of federal control and supervision, though for the most part in this new field the states are allowed entire freedom to experiment and do as they wish in regard to such important matters as adoption of a state pooled fund or individual plan "reserves," employee contributions, and the amount and method of payment of benefit.

CONSTITUTIONALITY QUESTION

It is too soon to predict the administrative efficacy or even the constitutional status of this type of arrangement in regard to unemployment compensation. Suffice to say that it has been upheld by the courts in so far as it has been used to apply to inheritance tax laws. To those who fear that the unemployment compensation provisions of the social security act are in essence a measure of control masquerading as a tax and that they may be declared unconstitutional under the doctrine of the child labor tax and grain exchange tax cases, answer may be made that here there is a tax in a very real sense and that funds will be collected under it. These funds go to the general revenue of the federal government, and there is no establishment of any federal unemployment compensation even in those states which do not set up their own system. Furthermore, the conditions imposed on states would in no sense appear to set so high a standard of federal requirement as to render the measure first and foremost one of regulation.

It is to be noted that the constitution or laws of various states may forbid state coöperation under the federal act, just as they have in some cases under its grant-in-aid provisions. These limitations are particularly important in regard to the requirement of deposit of funds from a state unemployment compensation law with the United States Treasury.[8] But the work of setting up state unemployment insurance laws is proceeding, and thus far ten states have enacted such acts.[9] Of these, the Social Security Board has approved six and is considering three others.

All this is a part of the task of dovetailing federal and state law in a vast coöperative field. With the social security act we have entered an era but the work of that era lies ahead. If federal-state coöperation in this program is wisely administered, with continuous adjustment of the delicate balance between federal stimulation and supervision on the one hand and on the other the preservation of local interest and initiative in such matters as public welfare and employment services—where such local interest must always be maintained—a finer balance between centralization and decentralization may be evolved.

---

[8] *Cf.* Epstein, A. & Malisoff, H., Some Constitutional Obstacles to Unemployment Insurance, *Social Security,* Dec. 1935.

[9] Alabama, California, Massachusetts, New Hampshire, New York, Oregon, Utah, Washington, Wisconsin, and the District of Columbia. As of January 14, 1936, the board approved the laws of Alabama, California, New Hampshire, Oregon, and Wisconsin and the District of Columbia and was considering the laws of Massachusetts, New York, and Washington, while the Utah law had not yet been submitted.

The Essentials of Unemployment Compensation

Compensation for involuntary unemployment, to be paid for a limited time, and only to the extent of a part of the wage loss, the basis of all unemployment insurance laws

EDWIN E. WITTE

University of Wisconsin; Executive Director, President's Committee on Economic Security, 1934-35

UNEMPLOYMENT compensation is a modern social institution for partial and limited compensation to workmen who are involuntarily unemployed. Many variations occur in existing unemployment compensation laws, but all of them compensate only involuntary unemployment and only to the extent of a part of the wage loss and for a definitely limited period. At this time there is pending in Congress a bill known as the workers' social insurance bill (Frazier-Lundeen), which violates all three of these concepts, providing for compensation at average wage rates for an unlimited time and for all unemployment, whether voluntary or involuntary. Assuming that it can be financed without wholesale inflation, this measure might be described as the most generous proposal for the relief of the unemployed ever advanced, but it is essentially a relief, not a compensation, proposal.

The concept that only involuntary unemployment is to be compensated has been expressed in many laws in the provision that, to be entitled to compensation, the unemployed worker must be "willing and able to work." After long experience with this condition, Great Britain has abandoned this precise standard, but retains the requirement that the applicant must register at a public employment office and must accept any suitable employment. The same requirement is a feature of every compensation law now in effect or that has ever been enacted.

In some laws, persons who voluntarily quit employment or who were discharged for misconduct are permanently barred from receiving any compensation for resulting unemployment, but more generally they are penalized only by a longer waiting period. In all cases, regardless of how the unemployment may have come about, the worker loses his right to benefits if he refuses to accept other work, provided that it is "suitable." What is suitable work depends upon many factors, but can be described briefly as work which the applicant can do, which imposes no extreme hardships upon him, and which offers standard wages and conditions. It is not necessary that the unemployed worker be offered work in his old occupation or work which pays as well as that which he was doing, but only that he will be paid the going wage for the new work.

Everywhere, also, the compensation to an unemployed worker is limited to a part of the wages which he earned while employed, being designed to encourage an active quest for other work. In all American and in most foreign laws, the rate of compensation is a specified percentage of the prior earnings. In Great Britain, there is a flat weekly rate, regardless of the worker's earnings, but varying with the number of his dependents. This flat weekly compensation amounts to about 30 per cent of the prevailing average wages for a single worker and 40 per cent for a married worker. In none of the American laws enacted to date is there any additional allowance for dependents. In the great majority of these acts, compensation is provided for at the rate of 50 per cent of the prior earnings, with specified maximum and minimum limitations. The most usual maximum is fifteen dollars per week and the most frequent minimum five dollars, for complete unemployment. Partial unemployment is compensated only when the wages actually earned are not more than one dollar or two dollars above the amount which could be received as a benefit for full time unemployment.

REQUIREMENTS FOR PAYMENTS

In all unemployment compensation laws, there is a waiting period following discharge or lay-off, during which no compensation is payable. In European laws, this waiting period is generally a week or less; in this country, most commonly three weeks in any year—by which is meant that once an employee has been unemployed for three weeks (for which he is not compensated) he can draw benefits from the first day should he again become unemployed during such year.

In all unemployment compensation laws, the period during which benefits can be drawn is related in some manner to the time the employee worked before becoming unemployed. This may be a requirement either of a specified number of contributions (where the employees contribute to the reserve funds) during the year or two years preceding application for benefit, or of employment for a specified number of weeks by employers subject to the act, or (where the law established individual employer accounts) by the employer from whom compensation is claimed. In the latter case, the qualifying period is always much shorter than under laws which take account of all employment, whether for the particular employer by whom last employed or not.

An unemployed workman who has established his eligibility to benefits, and who has completed his waiting period, thereafter receives compensation weekly at the rate specified in the applicable law. Such benefits terminate when he gets another job or refuses suitable employment, and, in any event, end after a specified number of weeks definitely stated in the law. In England, the present maximum duration of benefits is twenty-six weeks, with an allowance of additional weeks to workmen who have not drawn any benefits during the preceding five years, up to a maximum of fifty-two weeks in all. From 1924 to 1934, there were extended benefits beyond the standard benefit period to workmen who had been unable to get other work within this period. These provisions for extended benefits constituted the much criticized British "dole" and, in effect, involved a commingling of relief and unemployment compensation. They operated to put the unemployment insurance fund heavily into debt to the exchequer and all but wrecked the system. In 1931 the extended benefits were made conditional upon a showing of need—the "means test"; but not until 1934 was unemployment compensation completely divorced from relief (now called public assistance). In Germany, relief and compensation are still commingled, much as they were in England, but with the difference that the treasury has not come to the rescue of the unemployment insurance fund and that, in consequence, the maximum standard benefit period, without a means test, is now limited to but six weeks.

As conceived in this country, and also as originally and now again provided in England, the right to unemployment compensation is contractual, and does not depend upon the needs of the unemployed workmen. Relief, representing a gratuitous payment from general revenues, on the other hand, must necessarily be limited to people who are in need. For this reason, as well as to prevent the insolvency of the compensation funds, with resulting uncertainty whether unemployed workmen will get an adequate assistance, it is now generally agreed, at least in this country, that relief and unemployment compensation should be kept entirely distinct.

This can be done only if the duration as well as the rate of benefits is limited, as warranted by the expected contributions. Two types of limitations of the duration of benefits are included in our American laws. One of these is a ratio of weeks of benefits to weeks of employment; the other, an absolute maximum number of weeks for which benefits may be drawn during any year. The most common ratios of benefits to employment are one to three or one to four, that is, the maximum number of weeks for which benefits may be drawn may not exceed one-third or one-fourth of the number of weeks of employment within the year or two years preceding unemployment. The most common absolute limitation is sixteen weeks of benefits during any year, with one law establishing a maximum of twenty weeks and another of thirteen weeks. In about half of the new American laws, there are also provisions similar to those in the present British act for additional weeks of benefits beyond those specified to employees who have been employed for a long period without having made any drain upon the reserve funds.

VALUE OF COMPENSATION

From all that has been said, it is apparent that unemployment compensation is by no means a complete protection against the hazard of unemployment. A large part of all unemployment is not compensable in every unemployment compensation system. Estimates of the statistical staff of the Committee on Economic Security, which were based upon numerous "spot" censuses of unemployment, were to the effect that nearly one half of all unemployment would not be compensated under laws establishing a three weeks' waiting period and a maximum of sixteen weeks of compensation in any year. These estimates seem very conservative in the light of the British experience, that even during the depression 55 per cent of all unemployed workmen have found other employment within three months and 75 per cent within six months.

But whatever may be the exact percentages of the compensated and uncompensated unemployment (and only actual experience will give us reliable figures) it is very evident that no unemployment compensation law can compensate all unemployment. The chronically unemployed will get little or no benefit from a compensation system. In a severe depression, many workmen will be unable to procure other employment within the maximum period for which benefits are payable. Even in periods of prosperity, workmen thrown out of employment by technological or market changes may exhaust their benefit rights before they can find other work. Unemployment compensation laws are likely, also, to prove disappointing to irregular and casual workers, as they will not usually be able to procure sufficient employment to build up substantial benefit rights.

Unemployment compensation does not eliminate all necessity for relief or for an expansion of public work when private employment slackens. It does, however, have very real value as a first line of defense for many wage earners. It is particularly valuable for the largest group in our population, the wage earners who are normally, regularly, and fairly steadily employed. In periods of prosperity it can be made to cover nearly all unemployment except that existing among people of low employability and casual workers. In periods of extreme depression, it will meet only a much smaller part of the total problem, although in such periods the actual benefit payments will be much greater. To the extent that unemployment compensation is paid, the need for relief is postponed and lessened. Through payments of compensation to unemployed workmen, their purchasing power is in some degree sustained and all business benefited. The extent of these benefits will depend upon the rate of contributions. No more can be paid out in benefits than is taken in as contributions, plus interest earnings on reserves.

FINANCING

Contributions to unemployment reserve funds can come from three sources: the employers, the employees, and the government. The world over, employers bear at least a part of the costs of unemployment compensation. Employees likewise almost invariably contribute under foreign laws. The government gives financial aid from general revenues in England, Canada, and some of the continental countries. In the United States, five of the existing state laws require employee contributions and five do not; none provide for any contributions by the state.

In the British law, all contributions are at a flat amount per week per employee, regardless of his wages. In nearly all other unemployment compensation laws, the contributions are a percentage of the wages paid employees. In this country there have been some objections to this method of financing on the score that the contributions are shifted to the consumers in the form of higher prices. It has been urged that unemployment compensation should be financed from income, not payroll, taxes. At first thought this contention may seem sound as being in accord with the principle of taxation according to ability to pay. Contributions to unemployment compensation funds, however, are not taxes any more than are payments for workmen's compensation insurance or for wages. Workmen's compensation insurance rates everywhere are based on payrolls and all wage payments in the long run are shifted to the consumers. This will probably also prove true of the contributions of employers for unemployment compensation purposes. But this is as it should be, representing merely honest accounting for all costs of production. Unemployment compensation is properly a cost of the production of goods and should be included in the selling price, just as is the cost of wages and of workmen's compensation. To finance the costs of unemployment compensation entirely from general revenues means placing the burdens upon groups in the population that have no responsibility for unemployment. Under existing conditions, moreover, any such attempt would almost certainly break down.

A much stronger case can be made for contributions from general revenues toward a part only of the costs of unemployment compensation. Beyond question, there are advantages in the British formula of equal contributions from employers, employees, and the state. With our present unbalanced budgets, however, it is probably impossible to get either the federal or the state governments, at this time, to make any contributions to unemployment compensation funds beyond the administration costs. While government funds are still so badly needed for the support of people now unemployed and in need, it is too much to expect that the governments will make large contributions to reserve funds for the payment of compensation to the unemployed of future years, particularly when they have to borrow the money thus contributed.

Employee contributions have long been a source of controversy within the ranks of the advocates of unemployment compensation in this country. In support of employee contributions, it is argued that the employee will have a real voice in administration only if he pays part of the costs; also, that employee contributions are the best possible safeguard against unreasonable increases in benefits. The opponents of employee contributions deny both of these claims and assert that it is unjust to ask employees to contribute since they in any event must bear the major part of the cost of unemployment and, moreover, cannot shift their contributions to the consumers, as employers are presumed to be able to do. Where the balance lies between these contentions is a matter of individual opinion, but one fact is not subject to dispute. Where employees contribute, larger benefits can be paid than where they do not contribute. The rate of contributions which employers can be expected to pay is, as a practical matter, quite limited. At this time, states cannot impose a higher rate upon their employers than that provided for in the federal social security act, without placing their employers at a disadvantage in competition with those from other states. The maximum rate contemplated in the social security act is 3 per cent. This is nearly double the average contribution rate from employers in England and only slightly below the present German rate. At a 3 per cent contribution rate, only benefits such as are provided in our least liberal American laws can be financed. Higher benefits seem impossible at this time, unless employee contributions supplement those of the employers.

FEDERAL LEGISLATION

Some advocates of unemployment compensation have felt that this institution is not worth while unless administered by the federal government, and all concede that uniformity in unemployment compensation legislation has many advantages. Large employers who carry on business in many states and groups of employees whose work customarily or frequently is carried on across state boundaries are peculiarly interested in such uniformity of standards. The recent decisions of the supreme court in the NRA and AAA cases, however, have clearly established that we cannot have either a federal system of unemployment insurance or federal prescription of what the state unemployment compensation laws shall contain without amendment of the constitution. For the time being, the controversy over national versus state unemployment compensation and over numerous standards to be set forth in a federal act to which the state laws must comply has become purely academic.

This does not mean that the federal government cannot give assistance to the states in this matter. Long experience has demonstrated that the states cannot act unless the federal government will remove the advantage which employers in states without unemployment compensation laws enjoy over those in states with such laws. But unemployment compensation must be administered by the states and they must have the determination of what sort of unemployment compensation shall be provided.

This is the underlying theory of the social security act. This act does not establish a federal system of unemployment compensation, nor does it prescribe what sort of systems the states shall have. It merely provides for the levy of a tax upon all employers of eight or more employees throughout the country (with some exceptions) against which a credit is allowed up to 90 per cent of the federal taxes, for contributions made by these employers to unemployment reserve funds established pursuant to state laws. The purpose of this tax is not merely to raise revenue, but to make it possible for the states to enact unemployment compensation laws and to induce them to do so. As a further inducement, the social security act, in another title, authorizes an appropriation to the states for the costs of administering unemployment compensation.

There are six conditions which the state laws must satisfy in order to be recognized for tax credit purposes. All but one of these conditions are mere definitions of unemployment compensation as distinguished from unemployment relief.

The one condition for approval which is not a necessary feature of any genuine unemployment compensation law is the requirement that all contributions collected under the state laws must be deposited in the unemployment trust fund of the United States treasury, to be held in trust for and subject to draft of the state unemployment compensation authorities, with control over the financial management of the fund vested in the secretary of the treasury. This condition was inserted to insure that the creation of unemployment reserve funds will operate to promote economic stability instead of the reverse. Unemployment reserve funds have the characteristic that they are mainly collected in periods of prosperity and spent in periods of depression. Given a run of boom years, such as prevailed in the twenties, the combined unemployment reserve funds established under state laws may total billions of dollars. If the investment and liquidation of these reserve funds is not centrally controlled, they may operate to increase the fluctuations of the business cycle. The social security act avoids this danger. It insures not only complete safety of the unemployment reserve funds, but their investment and liquidation in conformity with the credit policies of the government.

TYPES OF LAWS

With this one limitation, the states are for all practical purposes unrestrained with reference to the unemployment compensation laws they shall enact. The type of law to be enacted, the rate and conditions of contributions and benefits, the administrative system—in fact, nearly everything that is customarily included in unemployment compensation laws is left to the decision of the states. At the present time, nine states and the District of Columbia have unemployment compensation laws. Of these ten laws, nine (all that have been submitted) have been approved as fulfilling all conditions prescribed in the social security act, although they differ about as widely in their provisions as it is possible for genuine unemployment compensation laws to differ. Three major kinds of unemployment compensation laws have been enacted in this country, typified by the Wisconsin, New York, and New Hampshire laws. The Wisconsin law provides for individual employer accounts to which all contributions by a given employer are credited and from which payments of benefits are made to his employees who become unemployed. The employer does not hold his own reserve funds and has no control over their investment or liquidation; neither does the employer have the determination of the benefits to be paid employees. In these respects the Wisconsin law does not differ from those of New York and New Hampshire. But it does differ in that each employer is responsible only for unemployment among his own employees. This, the supporters of this type of law believe, will stimulate employers to stabilize employment, as far as they are able. As a further stimulus to prevention, the Wisconsin law allows employers to reduce, and finally to stop altogether, their contributions for unemployment compensation purposes, when they have built up, and so long as they maintain, adequate reserves. Conversely, when the employer's benefit payments are such that there is danger that his account will become exhausted, his contribution rates are increased.

The New York law, instead of individual employer accounts, has a pooled fund to which are credited the contributions from all employers and from which benefits are paid to unemployed workmen regardless of the contributions made by their particular employers. Nor is there any variation in the contribution rates, although there is a provision that the Industrial Commission shall after three years make a report to the legislature on the feasibility of variations in rates adjusted to the risk and record of the employers. This indicates an intent to vary rates in accordance with risk, when sufficient information has been accumulated through experience to make this possible; for the time being, however, the contribution rate is uniform and it is not certain that variations will ever be introduced.

The New Hampshire law provides both for a pooled fund and individual employer accounts. Benefits as paid will be charged to the employer's account, but the employee's right to benefits does not depend upon the solvency of the employer's account. For the present, all contribution rates are alike, but after three years these rates are to be readjusted on the basis of the experience of each employer. Like Wisconsin, New Hampshire within a few years will have contribution rates varying with risk and experience, but unlike Wisconsin, unemployed workmen are assured benefits so long as the entire fund is not exhausted.

The respective advantages of these several types of unemployment compensation laws are at this time the subject of much controversy, as are many other matters in relation to unemployment compensation. If the federal and state laws are sustained, these differing opinions will soon be subjected to the test of actual experience. Approximately ten million dollars has already been collected in contributions under the Wisconsin law. Some benefits are now being paid and benefit payments generally will begin on July 1 of this year. Under the other state laws, contributions have been accruing since January 1, 1936, and in several of them, the actual collection of contributions has begun. Unemployment compensation in this country is still in an experimental stage, but actual experimentation is now really under way.

Federal-State Program of Unemployment Compensation

Summary of the federal social security act and the ten state laws which make it effective

WILBUR J. COHEN

Social Security Board

THE federal social security act does not provide for the establishment of a federally administered system of unemployment compensation. In the words of the sponsors of the legislation: "What it seeks to do is merely to make it possible for the states to establish unemployment compensation systems and to stimulate them to do so."[1]

Two titles in the social security act deal with unemployment compensation. Title IX imposes a tax on employers of eight or more employees, against which contributions to state unemployment compensation funds may be credited up to 90 per cent of the federal tax. Title III provides for making grants to the states for the administration of their unemployment compensation laws.

The tax offset device in title IX is modeled after the federal estate-tax law,[2] under which credit is allowed up to 80 per cent of the federal tax, for amounts paid under state inheritance tax laws. The federal tax levied in section 901 of the act is an excise tax on employers, and is 1 per cent for the year 1936, 2 per cent for 1937, 3 per cent for 1938 and thereafter.

This rate of tax is levied on the total wages payable by the employer during the calendar year, but section 902 permits an employer to credit against the amount of the federal tax so computed any contributions made under state unemployment compensation laws approved by the Social Security Board. Regardless of the amount paid into state funds, an employer cannot credit more than 90 per cent against his federal tax.

The tax in title IX is, therefore, not an "unemployment compensation tax." It is designed to be a uniform, national tax, so that with the credit-offset device employers in all states will be placed in an equal competitive position.[3]

There is thus neither a federal unemployment compensation tax nor a federal system of unemployment compensation benefits. The actual legislative provisions dealing with unemployment compensation contributions and benefits is, therefore, a function of the states. But if the contributions which employers make to a state unemployment compensation fund are to be credited against the federal tax such state unemployment compensation laws must be approved by the Social Security Board.

---

[1] Senate Report No. 628, to accompany H.R. 7260, May 13, 1935, p. 12.

[2] Section 301, Revenue Act of 1926; 44 Stat. 9, 69-70. Upheld in *Florida* v. *Mellon,* 273 U. S. 12 (1926).

[3] On this point, the Ways and Means Committee report on the social security bill stated: "The failure of the states to enact unemployment insurance laws is due largely to the fact that to do so would handicap their industries in competition with the industries of other states. The states have been unwilling to place this extra financial burden upon their industries. A unform, nation-wide tax upon industry, thus removing this principal obstacle in the way of unemployment insurance, is necessary before the states can go ahead. Such a tax should make it possible for the states to enact this socially desirable legislation." House Report No. 615, to accompany H.R. 7260, April 5, 1935, p. 5.

APPROVAL OF STATE LAWS

The Social Security Board must approve any state law in order for an employer to obtain his credit-offset against the federal tax, if the state law conforms to the six provisions contained in section 903 (a), which are, in substance, as follows:

1. Compensation is to be paid through public employment offices;
2. No compensation is payable until at least two years after contributions are due;
3. All contributions are deposited in the unemployment trust fund in the United States Treasury;
4. All money withdrawn from the unemployment trust fund is used solely for the payment of compensation;
5. Employees cannot be denied compensation if they refuse new work under certain conditions relating to trade conditions, disputes and the right to belong to a labor union;
6. The law must be subject to amendment or repeal.

The provisions enumerated above are the only requirements necessary for a state law to be initially approved by the board to permit employers to obtain their credit allowances. The provisions specified were intended to be definition of what constitutes an unemployment compensation law and not to prescribe what kind of law the states should enact.[4] Each state is given wide latitude in determining the coverage, source, and amount of contributions, the amount and duration of benefits, type of fund, and other matters to be provided in the law.

FEDERAL ADMINISTRATIVE GRANTS

Under title III $4,000,000 is authorized to be appropriated for allocation to the states in the fiscal year 1936 to assist and encourage the states in the efficient administration of their unemployment compensation laws; $49,000,000 is authorized for each fiscal year thereafter.

In order for each state to obtain such funds as determined by the Social Security Board "to be necessary for the proper administration of such law" the state law must not only be approved by the board under the conditions required by title IX, but must provide, in addition to the provisions necessary for it to obtain such approval:

1. Such methods of administration (other than those relating to personnel) as are necessary to insure the payment of compensation;
2. Opportunity for a fair hearing before an impartial tribunal for individuals whose claims for compensation are denied;
3. The making of reports to federal agencies.

STATE LAWS

Prior to January 1, 1936, nine states and the District of Columbia had enacted unemployment compensation laws. Wisconsin, in 1932, was the first state to enact such a law. Six other states—California, Massachusetts, New York, New Hampshire, Utah, and Washington—enacted legislation prior to the approval of the social security act. The Alabama, District of Columbia, and Oregon laws were enacted after the passage of the federal legislation. With the exception of the Wisconsin law, the other state laws were all enacted in 1935. By February 15, 1936, the Social Security Board had approved nine state laws under title IX, namely, Alabama, California, District of Columbia, Massachusetts, New Hampshire, New

---

[4] Senate Report 628, *op. cit.*, p. 12.

York, Oregon, Washington and Wisconsin.

TYPES OF FUNDS

Two types of funds have been created in the legislation so far enacted: (1) the employer reserve accounts type of fund, and (2) the state pooled type of fund.

The employer reserve type was first adopted in Wisconsin and later in Utah and provides for individual employer accounts in the state fund, to which the particular employer's contributions are credited, and against which the benefits paid to his employees are charged. If a particular employer's reserve account is exhausted, and an employee is not eligible for benefits from any previous employer's account, the employee cannot receive any benefits. After a specified reserve has been reached, the employer is permitted to reduce his rate of contributions.

The pooled fund type of law provides for a pooling of all contributions in a single fund, from which benefits are paid to eligible employees, irrespective of their former employers. Of the eight[5] laws which have pooled funds, only one does not provide for some "merit rating" which would adjust the employer's rate of contribution upon his employment and benefits experience.

The federal social security act permits any of these types of fund, but requires, for tax credit purposes, in the case of pooled funds, that merit rating must be based upon three years of benefit experience, and in the case of employer reserve accounts, one year of benefit experience and certain minimum reserves, before an employer's contributions can be reduced.[6]

COVERAGE

The federal tax in title IX of the social security act is levied upon all employers of eight or more employees, who employ this number of individuals within each of twenty weeks in the year. The following classes of employment are excluded from the federal tax:

1. Agricultural labor;
2. Domestic service in a private home;
3. Crew of a vessel on navigable waters;
4. Individual in employ of son, daughter, or spouse; child under twenty-one in employ of parent;
5. Public employees—federal, state, and local;
6. Employees of certain non-profit institutions.

The coverage of the state unemployment compensation laws is a matter which the states are free to determine for themselves. Several state laws have a broader coverage than the federal tax. In respect to employment and size-of-firm exclusions, state laws vary in their scope of coverage. Four state laws provide for the coverage of employers who employ eight or more employees; another five states provide for employers of four or more; the District of Columbia law is the only law so far enacted which covers employers of one or more employees. Over five million employees are estimated to be covered under the ten laws in existence.

The state laws sometimes contain "wage exclusions" as well. The federal tax is levied upon the total amount of wages paid to all covered employees. The laws of Massachusetts, New Hampshire, New York, and Utah (and Wisconsin during the year 1936) exclude certain higher salaried individuals from the payment on their behalf of state contributions, and from receipt of benefits.

---

[5] The Oregon law appears to be a pooled fund with provision for separate employer accounts also. Sections 16 (c) and 2 (n) indicate that both types may exist under the Oregon law depending upon how the commission interprets these provisions in the law.

[6] Sections 909 and 910.

The tax levied in title IX of the social security act applies only to employers. The federal tax cannot be deducted from the wages of employees.[7] The state laws may raise their contributions from whatever sources they deem advisable, but only contributions made by an employer are creditable against the federal tax. The state may levy additional contributions upon employees, or may provide that the state itself contribute to the fund. The employer rates of contributions are shown in the accompanying table.

CONTRIBUTIONS

Five states require employee contributions.[8] These are Alabama, California, Massachusetts, New Hampshire, and Washington. With the exception of Massachusetts, the four other state laws require employee contributions beginning in 1936. Massachusetts requires employee contributions beginning in 1937. Employee rates of contribution for 1936 vary from forty-five hundredths of one per cent to one per cent.

The District of Columbia law is the only one which so far provides for contributions by the state.[9]

MERIT RATING

"Merit rating" is the process of basing an employer's rate of contribution upon his hazard. It has long been a technique used in determining rates in accident compensation.

Nine of the unemployment compensation laws provide for some form of merit rating. The employer reserve laws of Wisconsin and Utah provide such rating by the very nature of their type of legislation. California and New Hampshire make provision for rating in pooled funds based upon specified percentages of payroll provided in the law. Five other laws established this system in pooled funds, to be based upon the experience of employers.

The federal law encourages and makes provision for the inclusion of merit rating in state laws. In Sections 909 and 910 of the federal act are contained the "additional credit allowance" provisions, by which an employer may also obtain credit against the federal tax for contributions which he does *not* make to a state fund under given conditions. If a state law provides for the reduction of an employer's contribution rate, and such reduction is found by the Social Security Board to be made under certain conditions of a state law, provided for by Section 910 of the federal act, the amount of the reduction is credited the employer against the federal tax, as are the amounts he actually makes under an approved state law.

In some states the effect of merit rating on employers has a corresponding effect in the reduction of the employee's rate of contribution where such contributions are required. New Hampshire and California provide that the rate of contribution required from employees shall not exceed 50 per cent of the general rate required of employers. The Massachusetts law requires the employee to contribute 1 per cent beginning in 1937 but thereafter an amount equal to one-half of the amount contributed by his employer for him.

BENEFITS

Seven laws provide that the amount of the weekly benefit of the employee for total unemployment shall be 50 per

---

[7] Cf. Sec. 907 (f).

[8] Section 16 (d) of the Oregon law contains an employee contribution which was declared void by opinion of the Attorney-General because the legislative journals clearly showed that this section of the act was left in the engrossed bill by inadvertence.

[9] In several laws certain groups of public employees are covered, and the unit of government contributes as an employer.

SUMMARY OF STATE UNEMPLOYMENT COMPENSATION LAWS
JANUARY, 1936

State	Type of Fund	Contributions		Benefits Per Week		Qualification Period	Waiting Period	Maximum Duration of Ordinary Benefits	State Administrative Agency
		Employer	Employee	Maximum	Minimum				
Alabama	Pooled fund with merit rating	0.9%, 1936; 1.8%, 1937; 2.7%, 1938, 1939, and 1940; merit rating thereafter	1%	$15	None	40 weeks employment in 104 or 26 in 52	3 weeks in 52	16 weeks in 52 weeks	Unemployment Compensation Commission
California	Pooled fund with separate employer accounts for merit rating only	0.9%, 1936; 1.8%, 1937; 2.7%, 1938, 1939, and 1940; merit rating thereafter	0.45%, 1936; 0.9%, 1937; 1% thereafter; not to exceed 50% of general employer rate	$15	$7	State resident for year, or employed 26 weeks in state during that year	4 weeks in 12 mos. through 1938-39; thereafter 3 weeks in 12 months	For 52 weeks of contributions, 13 weeks of benefits in 12 months, for 104 contributions, 20 weeks in 12 months	Reserves Commission
District of Columbia	Pooled fund with merit rating	1%, 1936; 2%, 1937; 3%, 1938, 1939, and 1940; merit rating thereafter	None	$15	None	13 weeks employment in 52	3 weeks in 52	16 weeks in 52 weeks	Unemployment Compensation Board
Massachusetts	Pooled fund with merit rating	1%, 1936 2%, 1937 3% 1938, 1939, 1940 less Federal amount not credited Merit rating thereafter	None, 1936; 1%, 1937; thereafter 50% of amount contributed by employer	$15	$5	90 days employment in 52 weeks or 130 days in 104 weeks	4 successive weeks in 12 months	16 weeks in 52 weeks	Unemployment Compensation Commission
New Hampshire	Pooled fund with separate employer accounts for merit rating only	1%, 1936; 2%, 1937; 3%, 1938, 1939, and 1940; merit rating thereafter	0.5%, 1936; 1% thereafter; not to exceed 50% of general employer rate	$15	If wage $10 week or less, 70% of wages, not to exceed $5	60 days employment in 52 weeks	3 weeks	16 weeks in 52 weeks	Commissioner of Labor
New York	Pooled fund	1%, 1936; 2%, 1937; 3% thereafter	None	$15	$5	90 days employment in 12 mos. or 130 in 24 months	3 weeks, but not more than 5 in calendar year	16 weeks in 52 weeks	Industrial Commissioner
Oregon	Pooled fund with separate employer accounts	0.9%, 1936; 1.8%, 1937; 2.7%, 1938, 1939, and 1940; merit rating thereafter	Employee contributions in law declared void by Attorney-General	$15	$7	40 weeks employment in 104 or 26 in 52	3 weeks	15 weeks in 52 weeks	Unemployment Compensation Commission
Utah	Employer reserve accounts	3% during an employer's first 2 years of contributions; based on reserve ratio thereafter	None	$18	$6	20 weeks employment in 52	2 weeks in 13	16 weeks in 52 weeks	Industrial Commission
Washington	Pooled fund with merit rating	3% in 1936 and 1937 but may be 1% or 2% according to federal reserve production index; 3% in 1938, 1939, and 1940; merit rating thereafter	1%	$15	None	40 weeks employment in 104 or 26 in 52	6 weeks in 52	15 weeks in 52 weeks	Unemployment Compensation Commission
Wisconsin	Employer reserve accounts	2% from July 1, 1934, through 1937; thereafter standard rate 2.7%; merit rating provided	None	$10 if wages less than $25; $12.50 if wages between $25 and $30; $15 if wages $30 or more	$5	4 weeks employment by given employer	3 weeks in 52	Between 8 2/3 and 20 weeks within 52 weeks as computed under the ratio provision	Industrial Commission

cent of wages, not to exceed a maximum of $15. In the District of Columbia benefits may range from 40 per cent to 65 per cent, according to the number of the employee's dependents. In Utah the maximum benefit is $18, while in Wisconsin it may be $10, $12.50, or $15 according to the wages of the employee. Minimum benefits are provided as shown in the accompanying table.

Seven state laws also provide for benefits for partial unemployment. Massachusetts, New York, and Utah make no such provision.

BEGINNING OF BENEFITS

Since section 903 (a) (2) of the social security act provides that no compensation is to be payable under an approved state law during the first two years of contributions, the nine laws enacted in 1935 requiring contributions beginning January 1, 1936, all provide for the payment of benefits after January 1, 1938. In Wisconsin contributions were begun on July 1, 1934, and consequently benefits will begin on July 1, 1936. The Wisconsin law provides, however, that benefits shall be computed only on the basis of *employment occurring after* July 1, 1936.

QUALIFICATION AND WAITING PERIODS

All of the ten laws contain qualification provisions which specify the period of previous employment necessary for eligibility to benefits. These qualification periods in the ten laws vary greatly.

Each of the laws also requires the applicant for benefits to undergo a waiting period before he may receive benefits. Three weeks is the most common provision, but one state provides a shorter period and one a longer one. The accompanying table shows the varying qualifications and waiting periods in the state laws.

RATIO OF BENEFITS

Every state law provides that the weeks of benefits to which an employee is entitled shall be in ratio to previous weeks of employment for which contributions have been made to the state fund, and which have not been previously used for benefits. Seven state laws provide one week of benefits for each four weeks' previous employment, within a definitely prescribed period of time such as 104 weeks. The District of Columbia law contains a one-to-three ratio, and the New York law provides for one week of benefit to fifteen days' previous employment within the fifty-two weeks prior to registration as unemployed.

Five states also provide for the payment of "additional" benefits after those computed on the regular basis are exhausted. "Additional" benefits are designed to give greater protection to the worker with a long and steady record of employment.

DURATION OF BENEFITS

The maximum duration of ordinary benefits is sixteen weeks in six state laws. Two laws provide for fifteen weeks while California and Wisconsin provide for varying durations.

ADMINISTRATION

In five states the administration of the unemployment compensation law was invested in a newly created commission. In four other states the administration of the law was placed under a previously existing state labor department. In Oregon the board administering the workmen's compensation act was given the administration of unemployment compensation as well.

Administration of the Wisconsin Unemployment Reserves and Compensation Act

Experience of pioneer social security state has value for other states which must assume similar responsibilities

RUSSELL HIBBARD *Industrial Commission of Wisconsin*

THE Wisconsin unemployment reserves and compensation act has been in effect and employer contributions have been in process of collection for eighteen months, since July 1, 1934. Nine other state laws in this field have become effective very recently, on January 1, 1936. Because of this fact, Wisconsin's early administrative experience with its law may be of some interest and value to other states which will have similar responsibilities. This summary discussion will cover only those administrative features of the Wisconsin law which are of general interest, to the exclusion of other features which are of purely local or historical interest in Wisconsin.

The Wisconsin unemployment compensation act is administered by the Industrial Commission. This three-man body is vested with the final responsibility and authority in matters of policy and in adopting administrative rules and regulations. The commission administers nearly all of Wisconsin's labor legislation, including workmen's accident compensation, safety codes, wage collection, minimum wage, women's hours, child labor, employment offices, etc. This diversity of commission responsibility provides a valuable opportunity for coördination of effort between its various subdivisions. Coöperation between two of the commission's divisions, namely the employment service and the unemployment compensation department, will prove increasingly important as the benefit provisions of the unemployment compensation law take effect. Furthermore, the commission's working experience with the terms and problems common in labor legislation greatly facilitates its interpretation and administration of this new law.

Soon after the law was enacted the Industrial Commission appointed an "advisory committee," composed of three representatives selected by the Wisconsin Federation of Labor and three selected by the Wisconsin Manufacturers' Association. The members of this committee serve without pay because they represent the two groups most vitally concerned with the efficient operation of the law. During the past few years the advisory committee has been called into session many times, to counsel with the commission on matters of policy. It has played a particularly strategic part in connection with legislative matters. Every major bill of unemployment compensation amendments enacted in 1933 or 1935 was first scrutinized, discussed, revised, and then unanimously recommended to the legislature by the advisory committee. Each bill thus recommended passed both houses of the legislature without a dissenting vote. Through this representative group the commission is able to secure promptly the viewpoint of Wisconsin employers and workers on major administrative questions, including the law's interpretation by general commission rules.

UNEMPLOYMENT COMPENSATION DEPARTMENT

Shortly before the law went into general effect the industrial commission created a special division, called the unemployment compensation department. This department has three major functions, as follows: (1) determining what employers are subject to the law; (2) collecting contributions; and (3) handling and paying benefit claims, including the hearing and settlement of disputed claims. To date the department has been concerned almost exclusively with the first two functions, since benefits will not become generally payable under the Wisconsin law until July 1936.[1]

Some forty-five persons are currently employed by the department (as of February 1, 1936), of whom approximately two-thirds hold clerical positions. All are under the state civil service law and were recruited on a nonpartisan, merit basis. In the case of clerical and stenographic employees, and also accountants, the state bureau of personnel was able to certify from established classifications, and from recent lists based on competitive examinations. Several new civil service classifications were established specifically for this work, however. Thus the present supervisor of contributions (comptroller) was chosen for this position on the basis of a special competitive examination, which was open only to experienced certified public accountants.

The examination procedure used in selecting men for the new classification of "unemployment compensation analyst" may be of some general interest. (These men were to handle interviewing and correspondence, and varied analytical tasks involving the law's interpretation and practical application.) The special examination given for this responsible position was both written and oral. The written examination was divided into three parts consisting of (a) about one hundred questions designed to show the general knowledge and intelligence of the candidate, (b) two hundred questions relating to specific provisions of the law, and (c) a typical employer letter of inquiry, to which the candidate was requested to write a clear and concise reply. Those candidates who successfully completed the written portion of the examination were then interviewed by a group of three individuals familiar with the law, namely one employer representative and one labor representative chosen from the advisory committee, and the director of the department. This group assigned a percentage rating to each candidate interviewed, reflecting his training, experience, and general fitness for the position. The top five men from the resulting list (based on combining written and oral examination grades) have been employed in the commission's unemployment compensation department.

The importance of using a merit basis of appointment cannot be over-emphasized. Unemployment compensation laws are necessarily complicated and difficult to administer, especially since they impose new responsibilities on large numbers of employers, and are bound to involve some changes in present employment policies. The successful administration of such laws will largely depend on that employer and employee goodwill and coöperation which result from tactful and efficient contacts. A merit basis in selecting administrative personnel should therefore be recognized as indispensable.

---

[1] It should be noted at this point that employers have been required to finance the Industrial Commission's administration of the Wisconsin law since July 1, 1934, by small additional contributions paid for this purpose to a special non-lapsing administration fund. Such administrative payments may later (probably in 1936) be decreased or entirely suspended—if and while federal aid is available and adequate for the law's administration.

DETERMINING SUBJECT EMPLOYERS

The immediate concern of the commission, even before the law was in actual operation, was with methods for determining what employers were subject to the law. Although it was desirable to make such determination as comprehensive as possible before contributions were actually payable, it was not absolutely necessary to get in touch with every potentially subject employer because the Wisconsin law does not call for employee contributions. (If it had required deduction from employee earnings, the situation would naturally have been much more crucial because of the difficulty of picking up delinquent employee contributions.)

The first problem to be met was that of obtaining a satisfactory mailing list of potentially subject employers. For this purpose the commission relied principally on a list of larger employers, selected from the many thousands subject to the workmen's compensation act.[2] Additional "prospects" were found through checking with other state departments, whose licensing or contracting power prompted the maintenance of special lists. From these special lists were obtained the names of highway contractors, hotels, restaurants, breweries, creameries, trucking concerns, etc. Another source of potential employers was found in the corporate, partnership, and individual Wisconsin income tax returns, where a tentative selection could be made on the basis of deductions claimed for payroll expense.

To each such potentially subject employer the department mailed a printed "notice and instructions," and an "employer report" form. The employer report form required general information regarding the employer's business and annual payroll, and also called for specific employment data relevant to status under the act. Those employers who were sure they were subject to the law were permitted to state that fact, and were not required to supply detailed employment figures. Most employers who were informed concerning the law elected to follow this procedure, so that a majority of reports did not require detailed analysis.

Any employer who believed he was not subject to the law, or who was in doubt, was required to set forth his employment record in detail. An employer becomes subject to the Wisconsin law only if he has employed the required number of persons within the required number of calendar weeks within the given calendar year. Some Wisconsin employers did not even have weekly employment records; so it was necessary to permit them to fill out their reports on the basis of their shortest payroll period. A similar approximation will doubtless prove necessary for practical coverage purposes under most other state laws.

For each week or other payroll period the reporting employer was required to specify: (a) the total number of persons employed; (b) a classification of persons engaged in employments excluded from the act, with the number of persons in each excluded class; and (c) the net number of "countable" employees. Cursory examination of these reports readily disclosed those employers who were clearly subject, and also those employers clearly exempted because of insufficient total employment. Detailed analysis was thus restricted to those cases where the employer's status depended on the validity of his claims that certain employees were excluded.

---

[2] Complete circularizing of all employers (of "three or more" persons) subject to the workmen's compensation act was not attempted under the new law, whose coverage was "ten or more" until recently. Complete circularizing might well have been desirable, however, and should be seriously considered in other states.

The law provided explicitly for a number of exclusions. Others were implied in the language used. All of these exclusions were separately stated and clarified in the commission's rules, and were summarized in the "notice and instructions." Accordingly, whenever an exclusion was claimed, the employer was required to classify and identify it by the applicable commission rule. In many cases the employer was merely asked to certify to the validity of the exclusion by quoting the applicable rule in full; but in other cases he was required to supply a full statement and description of the customary employment of the persons excluded. This general procedure focussed disputed questions of employer status on specific points of fact or interpretation, and thus reduced office handling and correspondence.

CONTRIBUTIONS

In preparing to collect contributions from employers, the frequency of reports and payments was one of the first decisions which the commission faced. Weekly? semi-monthly? monthly? quarterly? Too frequent reports would be a heavy burden on employers—too infrequent reports might foster delinquency. The commission finally chose a monthly basis of contribution reporting, which has proved acceptable to employers and sufficiently frequent for effective administration.[3]

A related problem, involved in periodic reporting, was the accounting basis to be used. The commission might have required each employer to report his payrolls consistently on an accrual basis, by including all wages payable with respect to services within each month. Realizing, however, that many employers keep their records merely on a cash basis, the commission permits reporting consistently on a cash basis, or else on an accrual basis. It also permits the continued use of fiscal months.

At the close of each month, the unemployment compensation department sends printed contribution report-forms (covering the month just ended) to each employer, bearing his name and address, and the date by which his report and contributions are due. (This monthly mailing is also used as a convenient method of transmitting to employers new bulletins, rules or regulations adopted within the month, and helps to maintain a current contact between employers and the department.) To permit prompt handling of contribution reports and the daily deposit of checks received, the commission has assigned staggered "due-dates" to employers for their monthly contribution reports. Some employers regularly report on the seventh of the (following) month, others on the eighth, and so on through the twenty-fifth. Late due-dates are given, on request, to those employers who must compile reports for several scattered stores or plants. This system of staggered due-dates effectively spreads the accounting work of the unemployment compensation department throughout the month.

The collection of contributions is a problem somewhat analogous to that of determining employer status, and the contribution report-forms were prepared in accordance with the same principles as the preliminary employer reports.

---

[3] Partly as a result of the monthly basis of reporting and payment, there has been a very low rate of delinquency. Of course, the mandatory 12 per cent interest penalty in case of delinquency has also tended to reduce this administrative problem.

The contribution report-forms call for a statement of (a) total payroll, (b) exclusions, and (c) the net (contribution) payroll. It should be noted that this report does not carry the names and wages of individual employees, but only the totals under the several items above. Exclusions are separately classified according to the commission rules which apply, and the employer is required to give the number of persons and total amount excluded in each classification. The commission keeps a record (in loose-leaf form) of the "validated exclusions" of each employer. As each monthly report comes in, the employer's exclusions are checked against this record. (Any reports claiming new or excessive exclusions are immediately referred to an analyst for correspondence, with a view to confirmation or denial of the exclusions.) Each employer's contributions, unless his report requires special consideration, are posted on his separate ledger account by bookkeeping machines, carbon copies of the entries being impressed on the journal account of receipts and on a receipt form which is returned to the employer.

Most of the department's administrative time during the first eighteen months of operation of the act has been devoted to analyzing these monthly contribution reports and determining the validity of payroll exclusions claimed by employers. This experience documents the obvious fact that the fewer the payroll exclusions (and the more definite), the lower will be the cost of collecting contributions under unemployment compensation laws. Where exclusions are non-discretionary and few in number, the initial sources of friction between the administrative department and employers will be correspondingly few, with the result that employer coöperation will be easier to secure and retain.

RECORD KEEPING AND REPORTING BY EMPLOYERS

Benefits payable by most Wisconsin employers do not start until July 1, 1936, and benefit rights of employees are based upon employment subsequent to that date. Hence it has not yet become important for them to maintain individual employee records suitable for benefit purposes.[4]

Starting July 1, 1936, every employer's records must of course provide certain basic data on each individual's employment. Regardless of the exact form in which an employer's records are kept, they will have to show the number of hours worked and the wages earned by each individual, in each separate calendar week. (The Wisconsin law, unlike the laws in several other states, does not base benefit rights on days of work, and therefore does not require daily employment records in connection with unemployment benefits.)

Many Wisconsin employers already maintain current individual employee records, for state income tax purposes. In most cases they will be able to modify these records so that they may serve for benefit purposes as well with a minimum of added record-keeping expense. An accurate calendar week record of each individual's employment will clearly prove essential, since the

---

[4] This point is of major importance for administrative purposes. The delayed accrual of benefit rights (as well as payments) makes it possible to put a law into gradual operation, instead of tackling every possible problem of record-keeping, reporting, etc. at the very start. Several state laws have recognized this problem by delaying the accrual of benefit rights until after at least one year of contributions. (In New York, the advisory council has recently recommended to the legislature an amendment along these lines to permit another year's time for the careful working out of procedures.)

Wisconsin law makes each calendar week the basic unit for determining partial unemployment, total unemployment, weekly benefit rate, etc. (But salaried employees, because their weekly hours and pay are fixed, may be an exception to the general rule of weekly records.)

No employer will need to change his pay days (or frequency of payment) on that account; but many employers will doubtless find it convenient to make the calendar week their basic payroll period. In a few months the Industrial Commission plans to inform employers more definitely what basic facts their employment records must show, with a view to requiring as little change in employer record-keeping as may prove necessary to administer the law on a practical basis.

What reporting of these individual employment records will the commission require of employers for benefit purposes? The commission could, if it thought this necessary or desirable, require each employer to report his complete payroll (showing each employee's name, hours, and wages) at the close of each payroll period; and might then currently maintain an up-to-date central office record for every employee subject to the Wisconsin law. (Such a procedure has been seriously considered in several "pooled fund" states; and may later be adopted, especially where employee contributions are involved. Central office reporting would doubtless have certain real advantages, even under the Wisconsin employer "reserves" type of law; but the industrial commission feels that its burdens should be avoided, if possible. Accordingly, the commission hopes to follow a less expensive and more flexible reporting procedure.

Each employer will doubtless be asked to report currently his lay-offs and other "separations," and to supply a full record of each individual's employment whenever that record becomes necessary to determine what benefits may be due the employee. Instead of current reporting by every employer on each employee, this will mean only periodic reporting in summary form; and will affect only those employees (of those employers) directly concerned with unemployment and benefits. The procedure of limited reporting thus planned will of course stand or fall on the accuracy and availability of employer records. If it doesn't work out in practice, the industrial commission may later be forced to require complete central office reporting.

CONCLUSION

Administrative experience under the Wisconsin unemployment compensation act has so far been limited almost entirely to determining employer status, and collecting employer contributions. Hence this article does not attempt to discuss the major problems involved in paying benefits, which Wisconsin will shortly face, more than a year in advance of other states. In summary, Wisconsin's administrative experience to date indicates the importance to other states of (1) efficient personnel selected on a merit basis, (2) early determination of employer status, using such forms as will minimize correspondence and friction, (3) simple but inclusive contribution reporting, at intervals consistent with low cost to employers and reasonable administrative efficiency, and (4) participation in the law's administration by the interested groups, through their chosen representatives, thereby securing that informed consent without which administration cannot function effectively in a democratic society.

Public Employment Offices and Unemployment Compensation

Well organized and efficiently administered system of public employment exchanges necessary to a successful functioning of national program of unemployment insurance

FRANKLIN G. CONNOR

Supervisor Philadelphia Office, Pennsylvania State Employment Service

A prerequisite to the effective administration and successful functioning of a comprehensive national program of unemployment insurance is the existence of a well organized and efficiently operating system of public employment exchanges. In recognition of this necessity, the federal social security act includes provisions for "payment of unemployment compensation solely through public employment offices in the state or such other agencies as the (Social Security) Board may approve."

Superficially, public employment offices may seem to serve as little more than the local point of contact for beneficiaries; actually, however, they are responsible for numerous activities, the organization, integration, and operation of which spell the success or failure of unemployment insurance administration.

For beneficiaries as well as all others seeking employment, public employment offices perform three functions: they register them, keep the necessary records, and place them according to their abilities. In connection with unemployment compensation, to these functions are added the payment of benefits and the adjustment of claims for beneficiaries with the attendant complexities of record-keeping these responsibilities entail.

Registration: In accordance with all unemployment compensation laws in this country and abroad, an unemployed insured worker must register at a public employment office as one requirement to qualify for benefits.

Record-keeping: The terms under which the unemployed receive compensation have a vital connection between the duration of previous employment and the extent of benefits. This gives rise to the necessity of maintaining complete records of previous work history, vocational capabilities, possible alternate occupations, and earnings. Although definite plans for the maintenance of these records have not as yet been entirely formulated, it is expected that in the several states of this country, as abroad, they will be closely identified with the public employment offices. It may, therefore, be logically assumed that their maintenance will be the most voluminous and exacting task confronting the offices.

Placement: One important contingency in an individual's right to unemployment benefits is his inability to find suitable work after a lay-off. His refusal to accept a *bona fide* offer of work is sufficient cause to withhold benefits. On the other hand, active promotion of placement of individuals for whom employment can be found, in order to prevent a serious drain on the reserve funds and to safeguard against malingering, represents one of the most vital problems confronting the employment office in the administration of unemployment compensation.

Payment: The individual's employment record, maintained as it probably will be by the employment offices, will be the basis for payment of unemployment benefits. Experience abroad has shown that disbursements to the individual at the point of local contact (which is the employment exchange) are most satisfactory not only to the beneficiary, but also for insuring a better administrative control.

Adjustment of Claims: However well organized and faithfully administered unemployment compensation may be, a large number of claims will inevitably arise out of differences of opinion between officials and beneficiaries. While the settlement of the majority of claims will be a matter of routine office procedure, of necessity there must be machinery for the adjustment of disputed cases. It is, therefore, logical to locate the appeal officials in the employment offices, because of the accessibility of the records of the beneficiaries and the information pertaining to the operation of the offices.

EUROPEAN EXPERIENCE

There are eleven European countries that are now operating some form of unemployment insurance plan ranging from compulsory unemployment insurance under governmental control, to the state-subsidized voluntary insurance having varying degrees of coverage and differing principles of responsibility.[1]

However, their most common characteristic is their use of the public employment offices as an operating unit in their local administration. All eleven countries utilized existing agencies when organizing their insurance plans, and where public employment exchanges were in operation they became an integral part of the program.

Only Belgium, France, and Italy do not recognize the employment office as a part of the set-up; Belgium and France, because they operate state-subsidized voluntary insurance and relief plans through trade unions and local agencies; Italy, because it operates through the National Institute of Social Insurance established by governmental decree and coördinated with compulsory invalidity and old-age insurance.

Great Britain and Germany are notable for their use of the public employment exchanges. In each of these countries, the employment offices register and place workers, determine claims, and pay benefits. Their local managers pass on individual claims, offering employment if available, or if not, paying benefits where warranted.

Although compulsory, operation of Germany's unemployment insurance is delegated to the "National Institution of Employment Exchanges and Unemployment Insurance" referred to as the "Reichsanstalt." This is an independent public corporation, but so high is the degree of public interest in it and its operation that its president and vice presidents are appointed by the president of the Reich. On its governing board, workers, employers and the government are equally represented.

Despite its independent nature, it has incorporated Germany's public employment exchanges in its organization and nearly four hundred local offices are engaged in administering its local affairs.

In Great Britain there had been established the first coördinated system of public employment bureaus under the Board of Trade two years before the enactment of the national insurance act of 1911. Later, in 1917, the ministry of labor assumed charge of them, but from the passage of the insurance legislation they have been a correlated part of the unemployment insurance administration.

---

[1] See "The Administration of Unemployment Insurance"; Monograph Five, Series on Social Insurance: Metropolitan Life Insurance Company, New York, 1932.

Austria operates compulsory governmental insurance under the ministry of social welfare, not unlike that of Great Britain; while Denmark, The Netherlands, Czecho-Slovakia and Norway operate voluntary systems through labor unions. Switzerland's state-subsidized plan depends upon the election of each canton, whether it be compulsory or voluntary. Regardless of the form, each of the foregoing incorporates in its general plan the public employment office.

Recognizing the vital importance of conserving their reserve funds, every insurance plan in Europe that functions in coöperation with the public employment offices (and these represent eight countries out of the eleven having insurance plans) requires that the unemployed seeking compensation must report as frequently as two or three times a week to the employment office for placement in available job openings.

UNITED STATES EMPLOYMENT SERVICE

The passage of the Wagner-Peyser act on June 6, 1933, inaugurated a federal-state affiliation in the conduct of public employment offices which has been a most fortunate preparation for the operation of unemployment compensation. Besides providing assistance by matching state appropriations, the federal government, through the United States Employment Service, assists in developing and prescribing uniform standards of operation, while leaving the operation of the offices directly to the states.

In addition to the affiliated federal-state employment service, a temporary agency—the National Re-employment Service—has been organized by the United States Employment Service primarily to serve the recovery program, but now taking on the aspects of a permanent service through its effective work in making placements in private industry.

An idea of the size and scope of these organizations may be gained from a recent statement made by William H. Stead, associate director for standards and research of the United States Employment Service, when he reported that:

> At the close of December 1935, a preliminary report indicates that there are approximately 232 district State Employment Service offices in operation, supplemented by 36 branch offices. At the end of November, there were approximately 490 district National Re-employment Service offices supplemented by approximately 1330 local offices. This does not include 45 National Re-employment Service and 34 State Employment Service administrative offices.

ACTIVITIES OF THE PUBLIC EMPLOYMENT SERVICE

Both quantitatively and qualitatively, the activities of the present public employment offices excel any previous employment service in this country. By raising the standards of personnel requirements, a more professional and better qualified staff has been secured for the offices. By instituting standard forms, procedures, and reporting, an improved functioning of the offices has been effected. By having been designated to make placements on all emergency work relief programs, from CWA to WPA, a wealth of experience has been gained in a few years that would otherwise have taken a generation to acquire.

Since the reorganization of the public employment service in 1933, over twenty million new applicants for work have been interviewed and classified occupationally. In the same period over thirteen million placements have been made, over six million on work relief jobs, and nearly seven million in private industry and on public works.[2] In addition to the registration and placement activity, all offices have received frequent revisits and inquiries from applicants, so that the total number registered is by no means an indication of the total activity.

On the other hand, the effort of the offices to secure openings for the unemployed in private industry is represented by over two and a quarter million field visits, all of which were made at a time when the offices were burdened with a multitude of applicants, with placements to be made and with a volume of record-keeping and maintenance that kept them working overtime, Sundays and holidays included. It might surprise one unfamiliar with the record procedure of an employment office to learn that in a file of a hundred thousand work registration cards there are about fifteen thousand changes in records to be made in a single week, including about four hundred address changes occurring each day.

Demonstration offices at Minneapolis, Rochester, and Philadelphia have been pioneering in the improvement of the employment service. It was in these offices that the system of daily statistical reporting was first tried, that new record forms and application cards were designed and new procedures devised. Despite their experimental nature, they have demonstrated the practicality of sound research methodology when applied in the field. They have served as training schools not only for their own state services, but also for the country as a whole. Dr. Oscar Weigert, German unemployment insurance authority, pronounced them finer than any similar offices abroad. They have set a high standard of achievement to which all state directors are endeavoring to raise their local offices.

In preparation for social security the United States Employment Service has instituted a system of perpetual inventory, centralizing in Washington by the use of a punch card system a complete statistical control over the records of every individual registered with the service, assigning individual identification numbers and recording every change in status that affects that individual.

With this brief resume of the activities of the employment service, an appraisal can now be made of what experience is available within the present employment service and what development is needed to make unemployment compensation work.

NEEDED DEVELOPMENT

There can be no question but that the United States is better prepared for the advent of unemployment insurance than were any of the countries in Europe. Those who have had an opportunity to compare the employment services here and abroad immediately prior to the institution of unemployment insurance testify to the generally higher standard of the average offices here. Besides having the advantage of the experience of European employment offices, the United States Employment Service has had by virtue of its years of existence a greater opportunity to perfect its standards of operation and has reached a higher stage of development than had the public employment offices abroad before they became an integral part of the administration of unemployment insurance.

In the functions of registration, record-keeping, and placement, the United States Employment Service has had all the necessary experience to qualify for the same functions under the social security act. However, its experience

(Continued on Page 186)

---

[2] Preliminary figures on operations of combined State Employment Service and National Re-employment Service for period ending December 31, 1935, not as yet officially released.

Old-Age Insurance Under the Social Security Act

Adoption of a contributory insurance plan is necessary to cope with the large and growing problem of old-age security

J. DOUGLAS BROWN *Staff Consultant, Committee on Economic Security*

To many students of welfare legislation in this country, the enactment of the old-age insurance provisions of the social security act proved an almost startling surprise. Several years of serious unemployment and of lively controversy concerning the merits of the British, Wisconsin, and Ohio plans for unemployment compensation had diverted a large part of the intellectual interest in social security legislation to that aimed at the unemployment problem. But neither concrete developments in this country nor the deep-seated concerns of our people warranted the heavy discount placed upon other forms of social insurance applicable to American problems. Quietly but effectively forces were at work to make some constructive step in old-age security both politically and economically necessary.

In the field of voluntary programs for employee security—an influential area of experience in this country—industrial pension schemes had preceded and far outstripped in coverage and effectiveness a meagre experimentation with unemployment benefit plans. In state legislation the movement toward old-age assistance programs was gaining momentum rapidly. While intellectuals were debating the relative merits of pooled funds and company accounts in unemployment compensation administration, the man in the street and the man on the farm were joining by thousands and tens of thousands the Townsend clubs and many earlier organizations which promised old-age security. As long as the current relief program was adequate, the younger two-thirds of our population seemed little interested in improved arrangements for aiding the unemployed of some years hence. The older third, however, were looking with growing anxiety to the time when emergency relief would become a thing of the past though employment for them would be limited.

This spread of voluntary schemes, state legislation, and popular movements has been symptomatic of an awakening to a problem long facing our country. While the depression accentuated *all* elements of social insecurity, in the case of old age it did little more than bring to the surface certain persistent changes which are creating a mounting burden of dependency. Although these changes are inherent in American life, their effects have accumulated too gradually to attract any comprehensive analysis.

The most fundamental of these changes is that in the age distribution of our population. A declining birth rate, an increased expectancy of life, and a sharp reduction of immigration are combining to shift the balance toward the older end of the scale. Advances in medical science and public health are adding years to human life. Between

1930 and 1960, the age group sixty-five and over will approximately double, while general population will grow at a far less rapid pace. By the latter year, this group will approximate 13,600,000 persons, or 9.3 per cent of our population. It might be said that as a people we are approaching "middle age." With middle age we become concerned with what lies ahead in the later years of life.

THE GROWING PROBLEM OF OLD AGE

But the lot of the old person in 1960 may be even less bright than that of those who now constitute that group, unless constructive planning is done. The rapid pace of modern industry is not so kind to age as the more adjustable routine of the farm. Large-scale production has placed a premium on youth with its vigor and adaptability to new methods. Once displaced by depressional shut-downs or technological change, the older worker finds difficulty in regaining a self-sufficient status in his declining years. While physical life is reaching farther into the late sixties and seventies, permanent displacement for many thousands of wage-earners is ebbing back into the early sixties and fifties. The widening gap between economic displacement and death is no peaceful prospect for the wage-earner of modest income. With neither a farm nor a large growing family as a future means of support, the urban factory worker has lost much of that sense of security which his grandfather possessed.

Against this background, it is not difficult to understand the fundamental character of the movement for old-age security nor the reasons which led to the enactment of the old-age assistance provisions of the social security act. The urgent necessity for extending and improving state assistance machinery was clearly indicated in the first surveys made by the Committee on Economic Security, as it had been by the studies of other organizations interested in public welfare. But the immensity and permanent character of the problem likewise became apparent. The huge costs and unfortunate by-products of the relief technique could not be overlooked by technicians working in daily contact with the federal relief administration. And further, there was a presidential mandate for a comprehensive and permanent security program. With a growing realization of its necessity, an old-age insurance program was developed as a part of a coördinated attack on mounting old-age dependency.

HIGH COST OF OLD-AGE ASSISTANCE

It is but necessary to project estimates of the cost of old-age assistance programs a generation into the future to become convinced of the necessity of a more constructive method to supplement and control their use. Based on population statistics and the experience of other countries, the actuaries of the Committee on Economic Security estimated that by 1960 the old-age dependency load in this country would be 6,800,000 persons with the federal government's share of the financial burden *alone* exceeding a billion dollars a year. But despite its growing amount, this diversion of public funds would barely meet the problem of dependency. As needs-test relief provided in strictly limited amounts, it would do little more than prevent distress after self-sufficiency was impossible. But relief grows on its own generosity. To control relief expenditures and to *prevent* dependency rather than to relieve it, a contributory insurance plan seemed necessary. Not only would the contributions permit more adequate benefits, but with benefits related to contributions in the individual case, the whole mechanism would take on the character of a coöperative self-help program.

PRINCIPLES OF A PUBLIC CONTRIBUTORY OLD-AGE INSURANCE

The main features of the old-age insurance system established by the social security act and the reasons for their inclusion can be hardly more than outlined within the limits of a brief article. Since the schedules of contributions, benefits, and reserves have been widely reproduced, a restatement of these more statistical elements seems unnecessary.

Probably the most significant principle inherent in the system is that of equal compulsory contributions by employers and their employees computed as a percentage of wages. It was believed that protection in old age was the financial concern not only of the individual worker, but of his employer as well; that the latter was both benefited by a satisfactory retirement mechanism and competent to share in its cost. Industrial pension programs give evidence of this fact. The decent support of the wage-earner in old age seems a proper charge on production, which the employer may, in many cases, pass on to the consumer or meet out of the more efficient operations which sound personnel practices make possible. He may otherwise shift the cost to labor or be compelled to bear some part from profits, as economic forces dictate.

In order that the impact of this new tax on employers and workers be softened and time afforded for various adjustments, it is provided that the rates will increase gradually over a considerable period of years. Not only will such slowly rising charges find their way more smoothly into price and wage adjustments, but the revenues from the taxes will more closely parallel the gradual increase in benefit disbursements.

Since the insurance system, like all social insurance, is primarily intended to provide basic protection for the wage-earner and the lower-salaried worker, the tax established is limited in application to the first $3,000 of annual income from a single employer. Benefits, likewise, are based on this bracket of wages so that, laborer or executive, everyone covered by the system is afforded some protection in old age.

SCHEDULE OF BENEFIT FAVORS LOWER PAID WORKERS

The benefit schedule provided involves other important departures from private annuity principles. The basis for benefit computation is the sum of wages covered by the tax throughout the life of the worker. Since the lower brackets of this total count more heavily in the computation of monthly benefits, there is a marked graduation in the ratio of benefits to the total wage base. This graduation favors those whose wage total from the time of entrance to the system until the time of retirement is relatively small. The purpose of this graduation is twofold. First, it affords higher proportionate benefits to all individuals coming under the new system late in their working life. In this way, the effect of the system in preventing mounting dependency is greatly accelerated. The meagre annuities possible on an "earned" basis are sharply increased in those cases where the wage total is small. Second, the lower-paid worker receives a higher proportionate benefit whether entering the system early or late. While benefits more directly proportionate to contributions are justified in commercial insurance practice, the federal system is intended to prevent dependency among as large a part of our population as possible, both in the next decade and in the decades to come.

The graduations in the benefit schedule can be justified on other than broad social grounds, however. The higher benefits paid to persons now late in life include an element similar to credits for past service usually granted in newly established industrial pension plans. Most companies have found that such credits are necessary to insure adequate retirement annuities to those persons whose displacement is necessary to maintain efficient operations. The proportionately higher benefits will aid the great majority of employers now without pension plans to meet their superannuation problem in a decent and efficient manner and, in general, give employment to thousands of younger men.

It is also true that lower-paid workers receive the greater share of their wages in the physical prime of life, whereas the salaries of higher-paid "white-collared" workers tend to remain constant or rise in their later years. Since, in the long run, interest accumulation is an important element in computing old-age annuities, it is both just and accurate to give a relatively higher annuity to the laborer whose contributions, though small in total, have been concentrated in an earlier period of life.

The death benefit feature included in the system is intended to return a rough equivalent of a worker's contributions, not offset by benefits received, to his heirs in case of death. The justification of such a feature has been widely accepted, subject to the development in years to come of some closer adjustment of the benefit to survivors' needs.

RESERVES

But any system of old-age annuities involves serious problems other than the determination of contributions and benefits. Even in private insurance systems the handling of rapidly accumulating reserves becomes a matter of considerable concern. In such systems, the problem is one of investment of funds on a safe and profitable basis. The test of the financial soundness of the scheme is the availability at all times of a reserve equivalent to the liabilities incurred.

In the planning of an old-age insurance system covering twenty-five million workers, the accumulation of a full reserve would involve an unprecedented distortion of both governmental and private finance. To invest the billions of dollars involved would eventually require the withdrawal of all federal securities from the public and the issuance of additional securities, if only federal securities were used. Meanwhile the diversion of these sums from the normal channels of business to governmental spending would not only lead to governmental extravagance but to serious effect on business activity, unless other taxes are reduced. Since disbursements would never absorb the huge reserve, the interest charges paid out of current taxes would become virtually an "endowment" income to the system. The vast portfolio of securities held in the reserve, though still an evidence of obligation, would become merely a legal mechanism for the diversion of general tax proceeds into old-age benefits.

At the other extreme in financing methods, all reserves might be avoided in order to maintain the scheme on a "pay-as-you-go" basis. This method would require a precise balancing of contributions and benefit payments throughout the life of the system. In this way all disturbance to the flow of consumer purchasing power would be avoided since as fast as funds were collected from the employers and workers of the country other workers eligible for benefits would receive them for immediate use. Since there would be no net income to invest, governmental finance and debt operations would not be affected. The old-age insurance system would become a clearing-house of current funds.

In principle, this "pay-as-you-go" method is that toward which any public old-age insurance system should tend. With the advantage of compulsory coverage, large reserves become unnecessary and dangerous. But precise matching of income and disbursements is not feasible for two major reasons. First, business cycles and changing wage rates affect income immediately, whereas disbursements to those receiving benefits are relatively stable. Second, in a new system, contributions may precede benefits by as much as several years in order to establish a basis of benefit payments related to the contributions collected from the individual worker. For these reasons, a compromise seems desirable —the accumulation of a small contingency reserve. Drawn from early contributions, this reserve should be sufficient to meet net disbursements in time of depression.

THE ORIGINAL PLAN

It was on such a compromise between the full reserve and "pay-as-you-go" methods that the federal system was originally planned. A combined tax schedule rising from 1 to 5 per cent over a twenty-year period was designed to hold down reserves, as well as to soften the impact of the new taxes. At the same time, the payment of "unearned benefits," justifiable on social grounds, served to increase disbursements in the early years of the system. This lower rate of contribution coupled with "unearned benefits," while keeping reserves within manageable limits in the early years of the plan, did so at the cost of net deficits some twenty-five years hence. At that time the funds previously diverted to "unearned benefits" were to be replaced by governmental subsidies to the fund.

There is much justification for subsidies to an old-age insurance system in addition to their role in equalizing income and outgo of funds. The "unearned benefits" paid to accelerate the effect of the system as a means of avoiding dependency relief are certainly in the public interest and a proper charge on general tax funds. To the extent that dependency relief is reduced, the government has made a saving. If, on the other hand, the deficit is met by higher rates of contribution, the younger worker and his employer bear the burden as an addition to the cost of his own benefits.

Further, there are definite limits to the proper use of payroll and wage taxes rather than other sources of revenue in financing a social insurance protection. The benefits afforded to lower-paid workers under this mechanism have many indirect effects in the stability and effectiveness of our economic system, as well as in improving national standards of life. It seems reasonable, therefore, that the general taxpayer should assist in financing this mechanism as a socially beneficial improvement upon dependency relief.

It was in regard to this low reserve plus subsidy principle, which was incorporated in the original social security bill, that much misunderstanding later developed. Soon after its introduction, failing to recognize the dangers of high reserves and the justification of eventual subsidies, the Secretary of the Treasury requested Congress to amend the bill to make the old-age insurance system "self-sufficing." By a change in the schedule of contributions, the income of the system was greatly accelerated in volume. The large reserves eventually resulting were intended to make subsidies unnecessary, since the interest income, added to a higher permanent contribution rate, was to keep the system "self-sufficing." Since few persons in Congress opposed this apparently conservative amendment, it was adopted without question.

Since that time, increasing criticism has been levelled at the reserve aspect of the old-age system as enacted. With increasing understanding of the problem, there is little reason to doubt that the act will be revised in sufficient time to prevent the accumulation of unnecessarily large reserves. This can be readily accomplished by a retardation of the rise in contribution rates over the next decade or two and the reinsertion of the lower maximum rates included in the original bill. At the same time, however, the principle of eventual federal subsidies to the system must be accepted as the price of a workable system.

OTHER PROBLEMS

Although the contribution-reserve-benefit complex is the core of our old-age insurance system, many other features warrant discussion. Why was a national system established rather than the framework for forty-eight state plans? Why were farm labor, domestics, and the employees of various non-profit organizations, among other groups, eliminated from coverage? What will be the effect of the system on industrial pension plans? But brief comment can be made in answer to these questions, among the many others which arise.

A federal system was adopted for the simple but convincing reason that separate state old-age insurance systems appeared actuarily and administratively impossible. Since, under any feasible system, rates of contribution and benefits are based on age distribution estimates computed for decades in the future, the changing population of a single state proves an impossible working basis. While trends in immigration, birth and mortality rates are relatively manageable factors for the country as a whole, the shift of a single industry or the rapid growth of a single city may affect materially the age distribution of a state. The rise of the automobile industry in Michigan and the decline of textile manufacture in New Hampshire inevitably alters the age distribution within these states. The influx of old persons into Southern California in recent years would have wrecked any state old-age insurance system previously planned on any manageable basis. The mobility of our American population throughout working life would create untold administrative complications in the operation of forty-eight state systems which varied in contributions, reserves and benefits.

The exclusion, among others, of farm and domestic employments from coverage under the system was based on administrative expediency. The great number of independent establishments which would have to be covered in administering a tax on these employments was alone a sufficient cause for hesitation. Further, the home and the farm are usually far less accessible for tax collection purposes than the factory, office, or store. The probable attitude of farmers and housewives to the accounting routine of frequent tax payments is not such as to aid effective enforcement of a weekly or monthly payroll tax. The exclusion of the employees of religious, educational, and charitable institutions was the result of requests by the representatives of these non-profit organizations. When the benefits of the system are better understood, the employees thus "exempted" may question the wisdom of this choice. In the case of most of the excluded employments, the chances are that many *employees* currently affected will come under coverage elsewhere during at least a part of their working lives.

The effect of the old-age insurance system on existing pension schemes has already aroused some apprehension. But where employers have studied the problem, solutions have proved quite feasible. The voluntary plan still has its place in supplementing the basic protection afforded at a gradually increasing level by the federal system. Not only will many higher-salaried employees need more liberal annuities than those possible under the act, but most lower-paid workers will not be adequately protected by federal benefits alone for many years to come. In those companies in which retirement annuity programs have proved their merits as sound personnel practice, the federal system with its "unearned annuities" will prove a help rather than a hindrance in handling the problem of superannuation.

The federal old-age insurance system is more than New Deal experiment. The growing problem of old-age dependency demanded a constructive solution. Experience abroad and at home pointed to the contributory insurance principle as the basis of that solution. A rational application of that principle with caution and willingness to learn seemed sound common sense. We must now await the verdict of nine gentlemen in black robes as to whether common sense, in this instance, can be legally applied.

PUBLIC EMPLOYMENT OFFICES

(Continued from Page 179)

with benefit payments and the adjustment of claims is totally lacking. A conscientious effort must be made within the next two years to perfect these techniques. This can be accomplished through carefully planned research and experimentation in the same manner that the demonstration offices improved the employment techniques.

In addition, there must occur the expansion of state services either by merging or taking over the work now done by the National Re-employment Service so that every community will be adequately served. The extension of the affiliation agreements provided in the Wagner-Peyser act to every state is the initial and necessary step toward accomplishing this expansion. While the operation and direction of the employment offices must be carried on by the states, the coördination and unification of the whole system must be promoted by the United States Employment Service.

Within individual offices there must be developed a higher degree of functional operation as well as a greater degree of specialization not only of the individual tasks but also of the worker. The optimum size of office should be ascertained and in so far as local conditions permit, this size should become the standard.

Whatever may be the present size of individual employment offices, administration of unemployment compensation will necessitate increased personnel. Since the operation of the office cannot rise above the calibre of its staff, the problem of selection becomes paramount. In order to operate efficiently and impartially, experience dictates the adoption of civil service as the best safeguard.

Increasingly higher standards of performance will be demanded of the public employment service, if it is to discharge its responsibility in the most socially significant peace-time administrative undertaking that this country has known.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

First Federal Social Security Payments Made.—On February 13 and 14 the first checks of the federal government under the social security act were mailed to states with federally approved plans for assistance to the needy aged, dependent children, and needy blind. They covered appropriations for February and March, and totaled $4,446,622 for eighteen states and the District of Columbia.

*

Ohio State Police School.—The fourth short course on police administration at the Ohio State University, Columbus, will be held March 23 and will continue during the remainder of the week, under the direction of Professor Harvey Walker. The program presents many outstanding experts on a wide range of subjects of interest to law enforcement officers, and includes laboratory work and a visit to the United States Industrial Reformatory at Chillicothe.

*

Council-Manager Developments.—Salem, Oregon (population 26,266) on January 31 voted against the adoption of the manager plan by 4,051 to 2,339.

Oakland, Me., adopted a manager charter by popular vote on February 8, replacing a manager ordinance adopted in 1935.

Bills for two plans of city government were filed on January 11 in the Massachusetts legislature through a petition of the Massachusetts People's Rule Association. The first, embodying "Plan E," provides for a form similar to that of Cincinnati, Ohio, and calls for a council elected by proportional representation and for a city manager. "Plan F," under the second bill is similar except that it provides also for the appointment of a director of education by the city council and for all other powers of the school committee to be vested in the council.

*

Toledo Citizens' Survey Report.—The Citizens' Survey Committee of Toledo, Ohio, an independent group of citizens and taxpayers, has recently been issued. In the words of the Toledo *City Journal,* published by the city's Commission of Publicity and Efficiency, "It has given the people a good, concise analysis of their municipal affairs. It has furnished an excellent working basis upon which a new form of government can begin rebuilding services, adding new services, and furnishing better, more efficient services." (Toledo went under the council-manager form on January 1, 1936.)

The report of the committee, which engaged Dr. Lent D. Upson to conduct the survey, deals with the city's operating deficit, among other matters. This is particularly important in view of the rigid and restrictive 1 per cent tax limitation amendment which took effect in Ohio on January 1, 1935.

*

Municipal Association Represented in Washington.—The American Municipal Association, the membership of which consists of the leagues of municipalities in thirty-six states, has appointed a permanent full-time representative in Washington, D. C., who entered upon his duties February 1. He is Earl D. Mallery, former city manager of Alliance, Nebraska, member of the Nebraska States Planning Board, and of the board of the Nebraska League of Municipalities. Growing concern of cities in affairs of the federal government, due to events of the past three or four years which make necessary closer coöperation between the two levels of government, is the cause of this action by the association, according to Clifford W. Ham, its executive director. One situation in point is the nation-wide relief problem; and many other situations are demanding mutual understanding on the part of the federal and municipal governments. While the association is not a lobbying organization, yet by having a spokesman for the cities available to Congress and federal administrative departments, he believes it should be possible to facilitate this coöperation.

*

Restoration of City Pay Cuts.—The United States Conference of Mayors, which issued a report in December 1934 on this subject, has made public another report which brings information on the general situation up through the past year. About one hundred cities are included. Of twenty-seven cities in the group which reported partial restorations up to December 1934, eleven have made further restorations, four have or will make complete restorations, and twelve have taken no further action. In thirty-five cities of the group reporting no restoration up to 1934, nineteen now report partial, six report complete restoration, and ten report no action; and in seventeen cities not included in the 1934 report we find nine cities reporting partial restoration, four reporting complete restoration, and four reporting no restoration.

In addition to twelve cities that had made complete restoration to December 1934, fourteen more have made or will make such restoration. Six cities in the previous report had made no general pay cuts, and the new report adds another to the list.

*

Governmental Broadcasts in Boston and New York State.—On February 3, 1936, the Yankee Network News Service started an innovation in Boston, Massachusetts, in the form of a series of daily items on expenditures that affect the tax rate, in the regular seven o'clock local news broadcast, over Station WAAB. These brief items are offered to familiarize residents with local city government and to offer constructive suggestions to increase the efficiency of local government and aid reduction of the tax rate. They are supervised personally by John Shepard, 3rd, president of the network, and are arranged by H. C. Loeffler, secretary of the Boston Municipal Research Bureau and Leland Bickford, editor-in-chief of the Yankee Network News Service.

The municipal radio series which is sponsored by the New York State Conference of Mayors, and broadcast over Station WGY, Schenectady, is being re-broadcast by Station WCAD of St. Lawrence University, Canton, New York.

*

Scholarships for Governmental Training.—Thirty college graduates are offered an opportunity to study the operation of the federal government at first hand through the National Institute of Public Affairs, which has announced its 1936 competition for scholarships for interneship training in Washington, D. C. The thirty persons who are to be chosen after March 16, when application lists close, will report to the institute's headquarters in the Investment Building in Washington in September of this year, to remain until June 1937. By arrangement with the heads of a number of federal bureaus they will work as unsalaried, full-time employees in various departments, thereby being enabled to observe many aspects of public affairs. Weekly round-table discussions with legislators, press correspondents, lobbyists, administrators, business men, and educators will add to this knowledge. Graduate courses can also be taken at American University in Washington.

Started as an experiment in 1934-35, when two groups of forty students each received three months of such training, the institute is now on an annual basis.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Georgia—Atlanta-Fulton Merger Proposed.—Last fall a great deal of interest was aroused in a proposed merger of the governments of the city of Atlanta and the county of Fulton. The city council passed a resolution by a substantial majority authorizing a "merger commission" to study the question. Members of the commission were appointed by Mayor James L. Key.

The commission recently recommended a referendum which would allow the voters to express opinions on the advisability of merging the activities of each of several city and county services, but the city council after considerable delay has voted against the proposal and the board of county commissioners continues to ignore it.

It has been pointed out by Mayor Key that mergers have already been accomplished in the relief, water, fire, and sewerage departments with a partial merger of police departments as county police get all their radio calls from the city station. Contending that all these have been successful and economical, he would extend the plan to cover practically all city-county activities. Successful school mergers between some of Georgia's more populous cities and counties have been frequently referred to in the Atlanta fight.

The question is almost certain to be injected into the next campaign of members of the city council and board of county commissioners. One of the Atlanta papers plans to run a series of articles shortly dealing with every phase of the proposed merger.

J. Thomas Askew

*

Ohio—Courts Void Cuyahoga County's New Charter.—In a unanimous opinion down on February 26, the Ohio Supreme Court junked the new Cuyahoga County home rule charter, providing for a reorganization of the county's present archaic government, on the ground that it vested municipal powers in the county and therefore was not approved by a sufficient number of electors.

The court ruled that although the new charter, the culmination of a year of exhaustive study by the charter commission, had been approved by a majority of electors in the county and in its largest city, Cleveland, it had to pass the so-called "four-hurdle" vote before it became effective. These four-hurdles require a majority of votes in the county, a majority in the largest city, a majority in the county outside the largest city and a majority in each of a majority of all the municipalities and townships of which there are sixty.

The decision cited four provisions in the charter as usurping municipal functions: (1) Giving the county council power to enact ordinances; (2) expanding the police powers of the sheriff's office to establish a county-wide police force; (3) provision for the initiative and recall; and (4) creation of a county civil service commission. The decision held that any charter giving municipal functions to the county, regardless of whether they were exclusive or concurrent powers, would have to be upheld by the "four-hurdle" majorities. The case reached the court on petition of Paul Howland who led the campaign resulting in the passage of the county home rule amendment to the Ohio constitution. He was contesting the refusal of the Cuyahoga County Board of Elections to certify that the charter had been duly approved at the fall election.

The court said in part: "We cannot subscribe to the theory that the requirement with reference to special majorities has application only if a municipality is to be completely swallowed by the county and entirely lose its governmental entity. The requirement as to special majorities was included to afford an opportunity for the municipalities to protect themselves and preserve their municipal integrity through the ballot. . . . In numerous instances the charter seeks to vest in Cuyahoga County powers which are vested in municipalities by the Constitution or laws of the state."

Louis H. Birnbaum

*

Nebraska—District Court of Douglas County Holds County Manager Law Valid.—In the general election of November 1934 the voters of Douglas County, Nebraska, approved the county manager form of government effective January 1, 1937, by a majority of 13,000 after an intensive and vigorously fought campaign of six weeks. The plan followed in the main the model form for county manager approved by the National Municipal League—the submission to the electorate being made possible by a legislative enabling act of the 1933 session. Among offices to be abolished was register of deeds.

A fund rumored to exceed $8,000 was raised among officials and employees of the county and an action brought to mandamus the election commissioner to accept filing for register of deeds on the ground that the following section in the state constitution was violated: "The legislation shall provide by law for the election of such county and township officers as may be necessary." Judge Hastings validated the act stating:

"No personal or property rights are involved in this case. The sole question is whether the legislature in a matter involving only political rights and wholly within the scope of its powers, has violated the plain mandates of the constitution as to procedure. The court does not so hold. Many employees and deputies are on the county payroll and the constitutional requirement of election to a county office has never been held as a bar to their employment."

An appeal has been taken to the Supreme Court of the state. Friends of the plan are optimistic as to the outcome since Judge Hastings is seldom over-ruled.

In the interim since election the financial condition of the county (outside of bond sinking) has suffered a "nose dive." Revelations of waste the past summer have stunned the taxpayer. When the levy was made last August, the deficit in the general fund had increased over $300,000 in the fiscal year. Practically the entire citizenry—outside of officials and political appointees—look now to the manager form to stabilize the situation and restore the credit of the county. A number of counties in the state have under contemplation the circulation of petitions for the county manager plan which no doubt will result upon a favorable decision by the Supreme Court.

W. L. Pierpoint

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Homestead Tax Exemption.—In two recent issues of its bulletin,[1] the Civic Research Institute of Kansas City, Missouri, has carried summarized discussions of the arguments for and against the exemption of so-called homesteads from real property taxation. In view of the interest in homestead exemption laws at legislative sessions last year, and probable continued agitation for their support, the summary is here quoted at length.

Says the institute in explaining the operation of homestead exemption proposals in general, "A homestead exemption law would exempt from taxation a portion of the value of all owner-occupied homes. Usually the first $1,000, $2,000, or $5,000 of assessed value is exempted. Thus, if there were a $2,000 exemption, any home occupied by the owner assessed at $2,000 or less would be totally exempt. Any such home assessed at more than $2,000 would be exempt on $2,000. In some cases, the exemption applies only to certain taxes, such as state taxes, or to all taxes except those for bonds.

"Six states have homestead exemption. These, with the amount of exemption and taxes to which it applies, are:

"Florida—First $5,000 of assessed value. Applies to property taxes of all state and local governments, except taxes for debt incurred before passage of the amendment.

"Louisiana—The first $2,000 of assessed value. Applies to the state, special districts, counties, city of New Orleans (not other cities), New Orleans school district, and New Orleans levee board. Applies only to extent that replacement revenues are made available in the 'property tax relief fund.'

"Minnesota—The first $4,000 of value of homestead is assessed at 25 per cent of full value if platted or urban and 20 per cent if unplatted or rural. (Non-homestead property is assessed at 40 and 33 1-3 per cent in the same classes.) Applies to state and all local governments.

"Missouri—The first $2,500 of assessed value. Applies to state government only.

"West Virginia—Homesteads taxed at not more than 1 per cent of assessed value. (Non-homestead property taxed at 1 1-2 per cent if outside and 2 1-2 per cent if inside a municipality.) Applies to state and all local governments.

"In two other states, New Mexico and Oklahoma, homestead exemption amendments have been approved but laws are not yet in effect.

"In two others, North Carolina and Utah, amendments have been passed by the legislature and will be voted on by the people in November 1936."

Assembling the best possible data for the city of Kansas City, the institute calculates that a homestead exemption of $1,500 would reduce the total of taxable assessments by $54,620,000. At present tax rates, this would mean governmental revenue losses of approximately the following amounts:

Loss to city	$ 819,300
Loss to county	365,950
Loss to schools	710,060
Loss to state (from K. C.)	81,930
Total loss	$1,977,240

---

[1] *Kansas City Public Affairs,* Civic Research Institute, 114 West Tenth Street, Kansas City, Mo., Jan. 30 and Feb. 13, 1936.

The 1934 housing survey showed that there were 34,752 single-family homes occupied by their owners in Kansas City. There were 2,277 valued at less than $1,500, 8,488 at from $1,500 to $2,999, and 23,987 at $3,000 or more. These figures were used in making the calculation above. Calculations based on the 1930 census data were closely similar, according to the report.

"The probable exemption and tax reduction in all cities of over 10,000 population were determined for the city government only," the report proceeds. "The tax reduction, or loss, to the city government varied from 6 per cent in St. Louis to 70 per cent in Sedalia.

"In general, the larger cities have a smaller percentage of loss. This is due in part, at least, to the smaller percentage of people owning their homes and to the smaller values in smaller cities.

"It is interesting to note that the major part of the tax saving would not go to the owners of small homes. From 50 per cent to 96 per cent of the savings would go to owners of homes assessed at more than $3,000.

"It was found that the total tax loss would vary from 8 to 54 per cent for the county governments. In other words, some counties would lose but little while others would receive less than half of their former tax revenue. It is interesting that both the lowest and the highest losses would occur in relatively poor counties. The low loss in a poor county is due to the fact that only 9 per cent of the farms in that county were occupied by their owners.

"In brief," concludes the bulletin, "a homestead exemption of $1,500 would mean a heavy revenue loss to most governments in Missouri. Much of this loss would have to be made up from other sources."

Thus Missourians, who traditionally "have to be shown." Taxpayers and legislators in other states who are casting envious eyes at the six states where homestead amendments have been adopted would do well to ponder the facts presented by the institute, particularly that concerning the loss of revenue. Like tax limitation, homestead exemption means inevitably new taxes, or higher existing taxes for those who do pay.

Increasing Importance of Government.—Rising ratio of the national incomes spent by governmental agencies from 12.4 per cent in 1929 to 19.1 per cent in 1935 is tabularly reported in a recent issue of *The United States News*. Income, taxes, and percentage ratio is shown as follows:

	National Income[1]	Taxes[1]	Ratio
1929	$78,900,000	$ 9,800	12.4%
1932	45,800,000	8,100	17.8%
1933	43,600,000	8,100	18.6%
1934	49,900,000	9,500	19.0%
1935	53,700,000	10,250	19.1%

[1] Amounts in hundreds of thousands.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Massachusetts P. R. Bills Given Hearing.—On February 13 a well attended joint hearing was held by the cities committees of the Massachusetts legislature on three bills which would make proportional representation available for the cities and the larger towns by petition and popular vote. Two of these were Representative Christian Herter's bills, house nos. 1014 and 1015, referred to in this department last month providing optional P. R. for councils and school committees and the corresponding system of preferential voting for mayors. One of Mr. Herter's bills covers Boston only; the other applies to other cities and towns. The third bill is house bill no. 982 introduced by Representative Rufus H. Bond of Medford on petition of John H. Chipman and others, to add the "Cincinnati plan"—the city manager plan with proportional representation—to the optional plans of government available for all cities except Boston by petition and popular vote. The most active support for this bill comes from a "Massachusetts People's Rule Association" organized in Cambridge with Professor Lewis Jerome Johnson and his son Chandler Johnson among its leaders.

Senator Theodore R. Plunkett of North Adams, who presided, and the other committee members listened all afternoon with courteous interest to proponents of the bills, among them Senator Henry Parkman, Jr., of Boston, a member of the charter commission which recommended optional P. R. for Boston two years ago, President James T. Barrett of the Cambridge city council, who told from first-hand observation of the happy experience with P. R. in the Irish Free State, and representatives of the League of Women Voters and other civic and taxpayers' organizations. The editor of this department conducted a demonstration P. R. election, with the legislators and audience as voters, in which Presidents Washington, Lincoln, Coolidge, Wilson, and Theodore Roosevelt were elected to a fictitious constitutional convention from a list of former presidents. No one appeared in opposition except a legislator who had confused P. R. with the Bucklin system of preferential voting used in Newton and withdrew his objection when the difference was explained.

On the morning of the hearing the Boston *Herald* carried an editorial entitled "A Hearing to Attend," which advised "Bostonians and other Massachusetts citizens who want better municipal government" not to miss the hearing and continued:

"Proportional representation, or P. R. as it may be more conveniently called, would not alone, of course, guarantee Boston and other Massachusetts cities of having honest, efficient, and intelligent government. No system is ever better than the men who operate it. But it is a device, as proved by Cincinnati's success, which enables every interest in a community to be heard and to obtain just consideration. Under Boston's present system of voting for city council by wards, a minority group may be spread so evenly throughout the city that it cannot gain a single spokesman in the council. Under P. R. this group, if it contained 30 per cent of the voters, would be represented by 30 per cent of the council's membership.

"Thus property owners, labor organizations, city employees, business associations, and other groups bound by ties of common interest would each be sure of having a voice in the city's affairs. Another advantage is the use of the preferential ballot which enables a citizen, after voting for the candidate who represents his interests most closely, to make a second choice. Ordinarily he gives second preference to some distinguished citizen. As a result, a city council elected by P. R. usually contains one or two of the city's ablest citizens.

"Admittedly the mechanics of P. R. seem complicated. Actually they are not. At the hearing today its advocates will give a practical demonstration of just how a P. R. election is conducted. It should not be difficult for any person of voting age to follow it."

*

P. R. for Chicago?—The following is quoted from the Chicago City Club *Bulletin* of January 20, 1936:

"An editorial broadside captioned 'Abolish the City Council,' in the *Daily News* of January 17, emphatically advocates a revamping of the present system of local government with respect to the council. Reduction of the council to nine members and their election by proportional representation is recommended.

"This proposal coincides exactly with the findings of the City Manager Committee of the City Club as set forth recently in its report, 'A City Manager for Chicago.'

" 'The time has come to make a major issue of this change,' says the *News*. We quote:

" 'Chicago needs a new charter. A council of nine elected from the city at large by proportional representation would restore free discussion of public issues. Its members would speak for great groups of opinion. Municipal policies would be determined, not by deals and trades based on the peanut politics of fifty wards, but by consideration for interests city-wide. In the clash of opinions in such a council there would be enlightenment for citizens. Local issues again would become lively issues. Voters could take sides as their informed judgment guided them. Responsibility would be centralized, but under popular control. Democracy could function intelligently.' "

The City Club report referred to devotes twelve pages to a consideration of P. R. with special reference to the problems of Chicago.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

New York Citizens Budget Commission.—The commission is a nonpartisan, non-profit-making body, organized in 1932 with the primary object of budget economy in New York City. It continues its studies of the city government twelve months in the year. It aims for constructive economies, and is supported by a council of consultants composed of representatives of 150 civic organizations.

The city has adopted four annual budgets since the commission was established. The first, for 1933, was $110,000,000 less than that for 1932. The aggregate of the amounts by which the budgets for 1933, '34, '35, and '36 were severally less than the 1932 budget is approximately $360,000,000. Many of the reductions making up this great saving were those recommended by the Commission.

The first work of the Commission was to aid the city in meeting the 1932 financial crisis. Following a survey of the municipal government, it recommended specific economies which, while reducing expenditures, did not deprive the public of essential city services. This preliminary activity was so successful that the city administration, in 1933, requested the Commission's chairman to head a municipal economy committee appointed by the mayor and made up of city officials and outstanding citizens. The Citizens' Budget Commission worked in conjunction with the economy committee and recommendations for decreases totalling $35,000,000 were the basis of many of the administrative economies effected in the 1934 budget.

The Commission drafted and sponsored the local law which gave New York City its executive budget. This ended antiquated and haphazard budget-making methods and placed responsibility for the preparation of the annual budget directly on the mayor. Another Commission-sponsored law, giving the city a capital outlay budget, corrected the old system of appropriating money for public improvements without first considering their relative importance. This reform, in addition, prohibits the authorization of any public improvements until money for their completion is assured.

The Commission carried out a complete study of the city's eleven separate pension systems. This analysis revealed that only four of the funds were on a sound or actuarial basis. Further, it was found that the contributions to the funds from beneficiaries range from nothing to 45 per cent, while the public contributes through taxation 64 per cent of all pension costs. The Commission at present is pressing for full pension reform.

A study of the administrative costs of the courts in New York City has been made by the Commission for a special committee of judges, lawyers, city officials, and business men. This work included individual examination into the salaries, titles, and duties of 2,800 court employees. Detailed proposals were made for improving the administration of justice, and for savings aggregating $2,700,000.

The Commission has been active in work for revision of the city's charter. In reports during the past two years it has pointed out over-lapping functions in the city, county, and borough governments, with resulting waste of public funds. Detailed proposals for full reforms of the city's governmental structure have been submitted by the Commission to the existing charter revision commission.

In a series of reports the Commission revealed extravagance and waste in the five county governments within the city. It proposed a complete reorganization, and the issue went before the people in a referendum in November 1935. The result was an overwhelming victory for this long-needed reform.

The Commission led a successful fight last year to postpone restoration of emergency pay cuts for city employees receiving more than $2,000 per annum. It has reported on the city's water supply, pointing out that, by an outlay of $20,000,000 for universal metering, the city could defer for several years construction of an additional water supply system, estimated to cost $273,000,000.

The Commission issues monthly a pamphlet for the information of the man in the street. This series is entitled "Food for Thought," and is published in an edition of 250,000 copies. The pamphlets are distributed by civic organizations, business houses, savings banks, and individuals throughout the city.

The chief aim of the Commission at present is to relieve the city of mandatory state laws affecting its finances. This legislation compelled the city, without option or choice, to appropriate items in this year's budget reaching the total of $219,366,000. This is 40.2 per cent of the city's tax budget. Bills to end this unfair interference with the city's financial affairs have been drafted by the Commission, and will be pressed for legislative enactment.

(Continued on Page 196)

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Minutes of Evidence Taken Before the Commission of Inquiry on Public Service Personnel. New York, McGraw-Hill Book Company, Inc., 1935. 721 pp. $6.00.

The work of the Commission of Inquiry on Public Service Personnel, appointed late in 1933, consisted of two major tasks: (1) The collection and consideration of facts and opinions on the problems of personnel in the administrative, executive, and technical services of national, state, and local government and (2) presentation of a report with recommendations growing out of the findings.

This book is made up of testimony of witnesses appearing before the commission in the United States. Public and private hearings were held in Washington, New York, Chicago, Minneapolis, St. Paul, Seattle, San Francisco, Berkeley, Palo Alto, Los Angeles, and Richmond. As all parts of the country were thus represented, so were the witnesses a cross-section of those vitally interested or particularly cognizant of personnel problems—employees from the rank and file, administrators of the largest units, students of government, representatives of private industry, as well as governmental officials.

The testimony consists of both prepared statements and answers to questions put by members of the commission. A complete index serves to integrate the material.

*

Government by Merit. By Lucius Wilmerding, Jr. New York, McGraw-Hill Book Company, Inc., 1935. 294 pp. $3.00.

This is a special study prepared for the Commission of Inquiry on Public Service Personnel by its assistant director of research. Drawing upon the material obtained through the hearings conducted by the commission and also data in the other special studies prepared for the commission, Mr. Wilmerding presents in this volume suggestions for a remolding of the American civil service so that "the offices of government may be filled with men of competence and character."

Being the expressions of opinion and conclusions of an individual rather than those of the entire commission, Mr. Wilmerding's recommendations naturally have more latitude than those of the commission as a whole. There is sharp penetration into the problems of classification, recruitment, promotion, salaries, and retirement. The commission has provided a long needed scientific diagnosis of what is wrong with our government personnel. Mr. Wilmerding's study offers prescriptions for the worst of the ills. Lack of a plan for action can no longer be used as an excuse for delay in reform.

*

Guide to the Municipal Government, City of New York. Compiled by Rebecca B. Rankin. Brooklyn, Eagle Library Inc., 112 pp. $1.25.

The first guide to New York's municipal government published in more than a decade is this little volume prepared by Miss Rankin, librarian of New York's municipal reference library. The many changes in departmental organization in this period as well as new functions assumed by the city make an up-to-date manual more than welcome.

Miss Rankin has done a careful, thorough job of assembling and classifying a great mass of material derived from state and local laws, the city charter, the code of ordinances, legal codes of procedure, and annual reports of departments. Every department, bureau, and commission in the city government is described in detail. Division of the material in sections by subjects is particularly helpful.

*

The Administration of the Civil Service in Massachusetts with Special Reference to State Control of City Civil Service. By George C. S. Benson. Harvard University Press, Cambridge, Mass., 1935. 90 pp. $1.75.

Open Mr. Benson's sober analysis of Massachusetts civil service at almost any page and you will find something like this:

"Special groups like the organized veterans battle best in the dark."

"While an obligation on the country to care for those who were permanently injured by wartime service remains and while a general reward for men participating in the war might be justified, the phenomenon of granting an increasing number of favors to able bodied men who have had over a decade to adjust themselves to conditions of civilian life can no longer be explained on the basis outlined above. . . . One can almost call this the demand of one generation of Americans for preference over other generations."

Apropos of national events as such quotations may seem, they were written with one state in mind, Massachusetts, through whose laws the voice of the veteran runs like an insistent motif. "Either as an extraordinary sentimentality or as a bid for votes and salaries on the part of legislators and lobbyists," exemptions granted ex-soldiers have proved a strong factor in defeating moves to build up an efficient system of public servants.

State administration of civil service is scored by Mr. Benson. He finds that it "has aroused so much political antagonism and caused so much political friction that standards were lowered rather than raised."

That is one of his two main hypotheses. The other: "Unless some professional spirit be introduced, there may be just as much politics within civil service as outside of it." "A watchful duenna of employee rights" at present, the Civil Service Commission should study the progressive personnel policies of some of the commonwealth's great business firms. Intelligence tests, service ratings, compulsory retirement ages, and a change in the judicial review of removals are some of the specific suggestions advanced.

Always realistic and readable, Mr. Benson has spared no feelings in his often caustic exposition. At the same time he has pointed out motives and made apparently scrupulous efforts to be fair. If he is a shade more tolerant toward legislators and civil service commissioners than toward employee lobbies, that is perhaps forgivable in the light of the conditions he outlines.

Parallel conclusions for the political scientist and for the citizens of Massachusetts comprise his final chapter.

H. B.

*

The Social Security Program. Analysis of the Federal Social Security Act and the Testimony Preceding Its Passage, With Special Application to Kansas. Topeka, Kansas Legislative Council, 1935. 107 pp.

The subjects dealt with in the social security act—old-age pensions, federal old-age benefits, aid to dependent children, maternal and child welfare, aid to crippled children, vocational rehabilitation, aid to the blind, public health, and unemployment compensation—are summarized in an analysis of the reports and discussions which preceded the passage of the act.

Since the material was prepared for use by the Kansas Legislative Council (twenty-five state senators and representatives who organize the state legislative program) as a background for consideration of the social security bill in Kansas, it particularly applies to the situation in that state.

It has since been revised to conform with the social security act as it was finally passed, and has been condensed and simplified for general distribution. The material is presented by questions and answers.

There are two booklets. The first presents a general summary of the whole program, and the second gives a detailed analysis of the federal old-age benefits and unemployment compensation.

H. D.

*

A Housing Program for the United States. Chicago, Public Administration Service No. 48. 1935. 41 pp. 50 cents.

This report, prepared for the National Association of Housing Officials, is the original from which "Summary of a Housing Program for the United States" was taken. The summary, widely publicized in 1934, gave a comprehensive review of the principles underlying a low-cost public housing program. The report makes available all the supporting arguments and details.

The survey on which the program was based was made by three European housing experts, Sir Raymond Unwin and Miss Alice J. Samuel of Great Britain and Mr. Ernst Kahn of Germany, with the coöperation of federal, state, and local officials of nearly forty American cities, in the fall of 1934.

The report names the trend towards smaller sized families as one of the chief reasons for need of more houses. While the population in the United States increased only 16 per cent during the last intercensus period, the number of families increased 23 per cent. Added to this is the necessity for slum clearance, demolition of some deteriorated properties, and reconditioning of others.

Other subjects covered by the study are functions of the public housing agencies (national, state and local), financial policies, types of developments, location and design, housing management, selection of tenants, and housing in city buildings.

The need for correlated planning between private and public housing programs is especially stressed. The report recommends that the present emergency program be broadened into a permanent housing program.

H. D.

*

Digest of State and Territorial Laws Granting Aid to Dependent Children in their Own Homes; Digest of Old Age Assistance Laws of the Several States and Territories; Digest of Blind Assistance Laws of the Several States and Territories. These digests in tabular form, all as of December 1, 1935, have been prepared by the Works Progress Administration and may be obtained by applying to that agency in Washington, D. C.

*

Outline of Governmental Organization Within the Cities of London, Paris and Berlin with Explanatory Charts. By Sarah Greer. New York, Institute of Public Administration, 1936. 41 pp. mimeo.

Any study of possible plans for simplifying the local government of large cities in this country naturally leads to inquiry regarding how large cities are governed abroad. Miss Greer's study is a clear exposition of the complicated governmental structure and functions of London, Paris, and Berlin with special reference to the powers and duties of the chief executive. The relation of the district or borough governments to the central government is specially stressed. Three excellent organization charts supplement the text.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

(Continued from Page 193)

The Commission generally maintains active interest in all of the city's operations, acts whenever possible in coöperation with city officials, and makes public its reports and findings in frequent releases to the press.

*

Los Angeles City Bureau of Budget and Efficiency.—Budgeting, in which the Bureau plays an important investigational and advisory role, is viewed not only as an annually recurring task but also as a continuing process with year-round fact-finding and recommendations, and it is noteworthy that, unlike the experience of many cities in the past few years, there has been no short term borrowing or warrant registration in Los Angeles.

During the past year, survey reports have been submitted by the Bureau upon the bureau of construction of the department of public works and the Los Angeles memorial coliseum. Extensive investigations and a preliminary report have been made in connection with a proposal to institute a system of fees and charges which would allow reimbursement to the city for the cost of special and standby services by those benefiting. Surveys now in progress include the humane department, the right of way and land bureau, and the bureau of assessments of the department of public works, and the matter of salaries throughout the entire service.

The elaborate and comprehensive bureau report of 1934, entitled "A Study of Local Government in the Metropolitan Area within the County of Los Angeles," is now the object of considerable attention on the part of a special citizen committee of twenty-one members appointed by Mayor Frank L. Shaw for the purpose of determining the best course of municipal action.

NATIONAL MUNICIPAL REVIEW

APRIL • 1936

Social Security

Children in the Social Security Progra

KATHARINE F. LENROOT

Old-Age Assistance

MARIETTA STEVENSON

The Effect of the Social Security Pr gram Upon Welfare Administratio

FRED K. HOEHLER

Financing the Welfare Provisions of the Social Security Program

J. ROY BLOUGH

Health, Sickness and Social Security

I. S. FALK

Published at 150 FREMONT STREET, WORCESTER, MASS. by the

NATIONAL MUNICIPAL LEAGUE

309 EAST 34th STREET, NEW YORK, N. Y.

VOLUME XXV, NO. 4 TOTAL NUMBER 238

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the Review by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the Review 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

Editor
HOWARD P. JONES

Assistant Editor
ELSIE S. PARKER

Special Editor for This Issue
JOSEPH F. BAKER

Editorial Council
HAROLD W. DODDS, Chairman
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

Contributing Editors
JOHN BAUER, Public Utilities
ROWLAND A. EGGER
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
[illegible], Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE

Harold W. Dodds, President
Carl H. Pforzheimer, Treasurer
Howard P. Jones, Secretary
George H. Hallett, Jr., Associate Secretary
Walter J. Millard, Field Secretary
Clinton Rogers Woodruff, Honorary Secretary
Miss Margaret M. Wells, Minneapolis, First Vice President
C. A. Dykstra, Cincinnati, Second Vice President

Honorary Vice Presidents
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruère, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
[illegible], Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

Council
Richard S. Childs, New York, Chairman
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
C. Arnold Frye, New York
Robert M. Goodrich, Providence, R. I.
[illegible], Washington, D. C.
Joseph P. Harris, Seattle
[illegible], Dallas
[illegible], [illegible], Pa.
[illegible] W. Johnson, [illegible], N. J.
Mrs. Siegel W. Judd, Grand Rapids
[illegible], Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William D. [illegible], Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

Publication Office: 150 Fremont Street, Worcester, Mass.
Editorial Office: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office
at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 4
TOTAL NO. 238

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR APRIL

Editor's Note.—This is the second of two issues of the Review devoted to the problem of social security and edited by Dr. Joseph P. Harris, Director of Research of the Committee on Public Administration of the Social Science Research Council. The March issue discussed general considerations of the federal social security act and social insurance as a means of providing social security. The articles appearing in the March Review will be combined with those in this issue to form a single volume, copies of which may be obtained from the office of the National Municipal League.

SOCIAL SECURITY

Editorial Comment . . . . . *Howard P. Jones* 198

Public Welfare Measures Under the Social Security Act

Children in the Social Security Program . . . *Katharine F. Lenroot* 200
Old-Age Assistance . . . . . *Marietta Stevenson* 205
The Effect of the Social Security Program Upon Welfare Administration . . . . . *Fred K. Hoehler* 210
Financing the Welfare Provisions of the Social Security Program . . . . . *J. Roy Blough* 215

Health and Social Security

Health, Sickness, and Social Security . . . . . *I. S. Falk* 224

News of the Month 236
Recent Books Reviewed . . . . . *Geneva Seybold* 250

The contents of the National Municipal Review are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, APRIL, 1936

Editorial
Comment
✣
April

NATIONAL
MUNICIPAL REVIEW

Vol. XXV, No. 4 Total No. 238

The Expanding Area of Government

Once upon a time a man was born, reared, and lived happily ever after without governmental assistance of any kind. But that was long, long ago, my children—so long ago that it lives not in the written record of mankind. Ever since man has been able to write he has told of rulers and taxes and courts and government—most of the time bitterly, occasionally with gratitude for beneficence.

Today we read that Mussolini has taken over complete control of industry in Italy as a part of the process of girding Fascist loins for war. That means in Italy, as in Russia, all human activity soon will be brought under the aegis of government. In the United States, we are resisting this trend—endeavoring to work out a harmonious pact between individual enterprise and governmental activity which will give us the advantage of the latter without losing the benefits of the former. The social security program with which this issue of the National Municipal Review as well as the March issue is chiefly concerned is one of the principal means by which this relationship is to be cemented. As such it has the deepest significance for those interested in the future of government on all levels—federal, state, and local.

The history of local government in the United States in the past century is, when reduced to simplest terms, a story of expanding functions and increasing importance of government in community life. It is scarcely necessary to illustrate this statement but, if example be desired, the city of Detroit supplies interesting evidence of the truth of the assertion. A study of the Detroit Bureau of Governmental Research reveals that in 1824 the city of Detroit was responsible for 23 functions; in 1930 it was carrying on 306 important activities. In recent years, it has been largely the social and cultural services of government that have been increasing. It is undoubtedly true that if the problem of social security (economic security would be a better term as is pointed out by a writer in last month's Review) could have been dealt with on the local government level, federal and state government would not now be concerned with it. This is merely another way of saying that since our economy is a national or international one, the solution to any of its problems must have similar scope.

So far as we can see, the trend is to increase governmental functions on all levels: federal, state, and local. The problems are so vast and the machinery is becoming so complex and unwieldy, the researchers of the future have their work cut out for them. There are tremendous problems on the administrative side: how to make this machinery run smoothly and not clog at critical points. A motor is of no use if the carburetor won't function. There are equally serious problems on the control side. This complicated machine has to be directed by amateurs. The man in the driver's seat of any automobile knows where he wants to go but understands little of the mysterious apparatus under the hood. We are committed to democracy in America: we must simplify the controls if we are to expect non-technicians to guide a governmental machine of ever-increasing complexity.

Hand in hand with this must go a widespread program of citizen education. The voter cannot be a technician but the democratic process assumes him to be a competent citizen which in most instances he certainly is not, no matter how generous be our definition of competent citizenship.

A New Municipal Laboratory

UNDER what appears to the outsider to be ideal conditions, the city of Saginaw, Michigan, has launched forth on its career as a council-manager city. The members of the council of nine were all members of the city charter commission that drafted the charter under which the city is to operate. If anybody in town understands the theory of a manager charter, *they* should. Convincing proof that they knew what they were about came when the first city manager was appointed. L. P. Cookingham, a veteran of some eight years experience, was selected. That the new manager has not been handicapped by local politics in his appointments may be judged from the fact that several outsiders were named for important posts, among them the director of finance.

Saginaw thus volunteers itself as another municipal laboratory in which the most modern devices and latest methods of public administration may be installed to render the city government more efficient, to the ultimate confusion of those who think the term "city hall" a synonym for graft and inefficiency.

While efficiency is important, the renaissance of civic spirit, the renewal of faith in democracy and the revitalizing of the community that inevitably accompanies any such change is to the city and to the nation far more important. The city manager plan is much more than a rallying cry around which reformers can unite—but were it that alone, it would justify its existence.

H. P. J.

> The reorganization of local units of government in the direction of economical administrative areas is not an abstract theory—it is an immediate requirement. "Horse and buggy" and "ox-cart" traditions have persisted in local government machinery longer than in any of our many institutions. Our local units must be geared to the tempo of the motor age. This means something more than a responsible executive with single authority to administer municipal functions. It means also a rational determination of practical areas for administrative purposes and the elimination of all but one local government in each area. Pending the necessary statutory and constitutional reorganization of these areas, local administrators can do much to accomplish this objective by casting their eyes outside of their own bailiwicks in a search for means of desirable coöperation with the administrators of other bailiwicks. Experiments with coöperative methods of purchasing, selecting personnel, planning, construction of public improvements, and health protection will all pay dividends to the taxpayer and will hasten the demise of the "bureaucratic" bogey-man. *Public Management*, March, 1936.

Children in the Social Security Program

Appropriations made for maternal and child health services, aid to crippled children and child welfare

KATHARINE F. LENROOT

Chief, Children's Bureau, United States Department of Labor

WITH final adoption by Congress of the supplemental appropriation act for the fiscal year 1936, funds have been made available for the most extensive program of federal participation in services for the health and welfare of mothers and children ever undertaken in the United States.

Under title IV of the act, grants-in-aid to the states, administered through the Social Security Board, are made available for extending and strengthening state provisions for needy dependent children in their own homes who have been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent. These state systems of aid operate under plans approved by the Social Security Board. The federal government will contribute approximately one-third of the cost, but the federal share in payments in behalf of children is not to exceed $6 per month for one child and $4 for each additional child in the same home.

Three types of federal aid for maternal and child welfare are authorized in title V on an annual basis of $3,800,000 for maternal and child health services, $2,850,000 for services to crippled children, and $1,500,000 for child welfare services. Federal administration of these three forms of aid is placed in the Children's Bureau, under the supervision of the Secretary of Labor.

These portions of the act must be considered in relation to other grants-in-aid authorized therein for health and welfare services, especially those authorized in title I, grants to states for old-age assistance; title X, grants to states for aid to the blind; and title VI, public health work.

The Cabinet Committee on Economic Security and the committees of the house and the senate which gave extended consideration to the social security proposals concurred in recognizing that the heart of any social program is the child, that all parts of the act are in a very real sense measures for the security of children, but that "in addition," in the words of the senate finance committee, "there is great need for special safeguards for many underprivileged children." The cabinet committee had in mind the millions of children under the age of sixteen years in families receiving relief, of whom over 700,000, it was estimated in the fall of 1934, were in families without the presence of the normal breadwinner; the 280,500 children then receiving benefits under the inadequate and uneven provisions for mothers' aid authorized by the laws of forty-six states and the District of Columbia; the physically handicapped children, numbering from three to five million; and many other classes of children receiving or in need of social protection. The committee's report called attention to the economic loss and the insecurity for children resulting from the high rate of maternal deaths in the United States, and to the inadequacy of prenatal and obstetrical care in both urban and rural districts. It emphasized the drastic reductions in state appropriations for maternal and child hygiene; the need for more adequate infant and child health service, especially in rural areas, where since 1929 infant mortality rates have exceeded the rates for urban areas; and the need for the development and extension of state and local programs for crippled children.

AID TO DEPENDENT CHILDREN

In order to be eligible for aid under title IV, a state must submit plans for assistance to needy children in their own homes who have been deprived of the support or care of a parent through circumstances specified in the act, and these plans must provide for the following: state-wide operation, the plan to be in effect in all political subdivisions and if administered by them to be mandatory upon them; financial participation by the state; administration, or supervision of administration, by a single state agency; granting to any individual whose claim with respect to aid to a dependent child is denied, opportunity for a fair hearing before the state agency; such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Social Security Board to be necessary for the efficient operation of the plan; and such reports by the state agency as may be required by the board.

A chart prepared by the Works Progress Administration comparing state legislation with the requirements of title IV shows that on December 1, 1935, fifteen states had legislation which substantially conforms with the requirements of the federal act. In addition a number of states, under general enabling acts, have authority to coöperate with the Social Security Board and are submitting plans. By February 10 plans submitted by twelve states had been approved by the board, and plans from a number of other states were under consideration.

It is estimated that not more than a fourth of the needy children who might be eligible under the terms of the act are actually receiving assistance under state mothers' aid systems. When title IV becomes fully effective, greatly extended opportunities for conserving family life for children will have become available. The act is of far reaching significance since it provides federal and state coöperation in a basic program of home care for dependent children such as has been advocated earnestly by all three of the national conferences on child welfare.

To administer this form of grants-in-aid, together with old-age assistance and assistance to the blind, the Social Security Board has established a Bureau of Public Assistance, in charge of Jane M. Hoey, a social worker of nation-wide reputation, formerly assistant director of the Welfare Council of New York City. Consultative services made available by this bureau will emphasize the importance of state and local administration through unified public welfare services.

For the last five months of the federal fiscal year ending June 30, 1936, Congress has appropriated $5,000,000 for grants to states under title IV, available both for payments in behalf of children and for administrative costs.

The primary purpose of the child health and child welfare provisions of title V, parts 1, 2, and 3, to be administered by the Children's Bureau, is to extend and strengthen services for mothers and children, especially in rural areas, in areas suffering from severe economic distress, and among groups in special need. These are the people who have been hitherto for the most part outside the reach of health and welfare services that have been more generally available in cities. In this connection it is interesting to note that whereas the urban infant mortality rate increased 1 point from 1933 to 1934 (from 57 to 58), the rural rate increased 3 points—from 59 to 62. Certain urban districts, however, still have exceedingly high rates and programs to be developed by the states under the act will reach some of these areas as well as the less populous portions of the country. Relatively little state legislation is required to enable the states to coöperate with the federal government under title V of the act.

MATERNAL AND CHILD HEALTH SERVICES

The amount of $3,800,000, available on an annual basis for maternal and child health services, includes $2,820,000 to be matched equally by funds available within the state, as follows:

Uniform apportionment, $20,000 to each state and to Alaska, Hawaii, and the District of Columbia, $1,020,000;

Apportionment on basis of live births, $1,800,000.

In addition $980,000 is available for allotment by the Secretary of Labor in accordance with the financial need of each state for assistance in carrying out its plan, after the number of live births is taken into consideration.

State funds appropriated or otherwise provided by the state itself must be made available for payment of part of the costs of approved plans. Funds appropriated or made available by political subdivisions (counties, cities or towns) may also be counted provided such local activities are brought into the state plan and under the general supervision of the state department of health. State or local funds used for matching any other federal appropriation cannot be counted in establishing eligibility for federal assistance.

Responsibility for initiating and developing state plans rests with the state agencies of health, with which the Children's Bureau is to coöperate under this portion of the act. They are to be approved by the chief of the Children's Bureau if they conform to certain conditions specified in the act. These conditions include, in addition to provision of public funds as indicated earlier, provision for such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are necessary for the efficient operation of the plan, and such reports as may be required; and provision for extension and improvement of local maternal and child health services, for development of demonstration services in needy areas and among groups in special need, and for coöperation with medical, nursing, and welfare groups and organizations. Forty-two states have submitted official plans for the third and fourth quarters of the federal fiscal year ending June 30, which are being reviewed by the Children's Bureau. The amount appropriated by Congress for the last five months of the fiscal year 1936 for maternal and child health services is $1,580,000.

CRIPPLED CHILDREN

The general principles governing the portions of the act relating to services for crippled children are similar to those governing maternal and child health services. The appropriation of $2,850,000 is to be allotted, $20,000 to each state, and the remainder on the basis of the number of crippled children in need of services and the cost of furnishing services to them. Grants to the states must be matched in full by state or state and local funds. Conditions which must be met before plans are approved include coöperation with medical, health, nursing and welfare groups and organizations and with any agency in the state charged with administering state laws providing for vocational rehabilitation of physically handicapped children. The funds, which are to be administered through state agencies having responsibility for medical care of crippled children, are to be used for the extension and improvement, especially in rural areas and areas suffering from severe economic distress, of services for locating crippled children and for providing medical, surgical, corrective, and other services and care, and facilities for diagnosis, hospitalization, and aftercare for children who are crippled or who are suffering from conditions that lead to crippling. The funds provided are not available for the education of crippled children.

State administration will be through a state agency having responsibility for medical care for crippled children. If several agencies are responsible, one will have to be designated by responsible state officials. For the last five months of 1936, $1,187,000 has been appropriated by Congress for grants to states for services to crippled children. Estimates of amounts that will be requested by the states for services for crippled children for the remainder of the current fiscal year have been received from thirty-five states, and plans have been officially submitted by eleven states.

CHILD WELFARE

The appropriation of $1,500,000 for child welfare, to be allotted $10,000 to each state and the remainder on the basis of rural population, is to be available for coöperation with state public welfare agencies in establishing, extending, and strengthening, especially in predominantly rural areas, public welfare services for the protection and care of homeless, dependent, and neglected children and children in danger of becoming delinquent. They are to be used for payment of part of the cost of district, county, or other local child welfare services in areas predominantly rural, and for developing state services for the encouragement and assistance of adequate methods of community child welfare organization in areas predominantly rural and other areas of special need. For the remainder of the fiscal year 1936, $625,000 has been appropriated. Estimates of the amounts that will be requested for the remaining months of the current fiscal year have been received from thirty-eight states, and preliminary or official plans have been submitted by twelve states.

ADMINISTRATION

The Secretary of Labor has appointed four advisory committees to assist the Children's Bureau in the development of general policies. The membership of these committees includes representatives of various branches of the medical profession, public health nursing, and social services. They are as follows: General Advisory Committee on Maternal and Child Welfare Services, Advisory Committee on Maternal and Child Health, Advisory Committee on Services to Crippled Children, and the Advisory Committee on Community Child Welfare Services. The committees had their first meetings in Washington December 17 and 18, 1935. Reports on services for maternal and child health, crippled children, and child welfare were prepared by the special committees, and considered and endorsed by the general advisory committee.

To administer the provisions of title V, $110,000 is available to the Children's Bureau for the remainder of the current fiscal year, and $320,000 has been recommended by the Bureau of the Budget for the fiscal year 1937. The Children's Bureau has established a division of maternal and child health, headed by Dr. Albert McCown; a crippled children's division, of which Dr. Robert C. Hood is director; and a child welfare division, headed by Mary Irene Atkinson. Members of the field staff have visited most of the states to confer with state officials concerning the provisions of the act and the development of the coöperative services authorized. The general emphasis of the act is on the development and strengthening of local services, the local agencies to receive counsel, financial assistance, and, in some instances, specialized service from the state. In reviewing the needs of a state, the activities of both public and private agencies will be considered, as the federal aid is intended primarily to meet needs not now being served and to assist in the development of comprehensive, well balanced programs for promoting the health and welfare of children. The success of the program will be dependent chiefly upon whether the state and local coöperating agencies can be built up in accordance with sound standards of administration and service. Active cooperation of medical, health, nursing, and welfare groups, as described in the act, is essential, and these groups are being drawn into the development of plans as much as possible.

Administration of the three types of aid for maternal and child health and welfare will be closely integrated, for we have learned that it is impossible to divide a child's life into separate compartments; physical and mental health are mutually interdependent. The care of the crippled child is an excellent example of the need for coördination of medical, nursing, and social services. Locally, much of the work of locating and diagnosing crippled children will be carried on through maternal and child health services, nurses will assist in follow-up after discharge from hospitals, and social workers will assist in determining financial need, developing plans for boarding or institutional convalescent care, when needed, and preparing the family for the child's return. Mental hygiene services should be developed, as opportunity offers, in connection with both the health and the welfare programs. Close coöperation will be maintained with the United States Public Health Service, the Social Security Board, and the Office of Education, which is responsible for administering grants to states for vocational rehabilitation, authorized in title V, part 4.

◆

Old-Age Assistance

The conditions imposed upon the states to receive federal aid for old-age assistance follow the trends in state legislation

MARIETTA STEVENSON *Assistant Director, American Public Welfare Association*

INTEREST in old-age assistance legislation and administration has grown rapidly in recent years. This interest was quickened during the past year by the stimulation of the grant-in-aid provision of the federal social security act. The general public as well as legislators, congressmen, public welfare administrators, and social workers have devoted unusual attention to legislative enactment and administrative developments in this field. In the decade just previous to 1933, eighteen states had enacted old age "pension" laws, eleven were passed during 1933 and 1934, and all records for activity were broken this last year. The statutes show considerable variation, but even greater differences have existed in the administration within this legal framework.

Most of these laws specified that pensions would be available to the needy aged who had reached the required age of sixty-five or seventy, had lived within the state for a long period of years, and had neither relatives legally responsible for their support nor substantial income or property of their own. A maximum benefit of $1 a day was common, although the actual amounts granted were considerably less in most cases. Poor administrative machinery and inadequate financing have been more responsible for the weaknesses of the situation than the defects in the laws.

Of the states operating old-age pension laws in 1934, statistics show that only seven—California, Colorado, Indiana, Massachusetts, New Jersey, New York, and Ohio—had sizeable programs with more than ten thousand pensioners and costing over a million dollars. The average pension granted in these states shows as wide a variation as is found in the whole United States, as shown in the table below.

During the years prior to 1935 (when federal action seemed imminent), certain trends toward more effective laws and administration were discernible. The first old-age assistance laws left the adoption of the system optional with local authorities. This proved unsatisfactory and these early laws were gradually replaced by mandatory legislation. Where the law was left optional, it was usually placed in effect in only a few counties. This fact argued strongly for the necessity of a state-wide mandatory system and hastened the change. Another definite trend was towards increased state financial aid. In 1928 there were six state laws, with only Wisconsin providing for state aid. By the end of 1930, four of the twelve states with old-age assistance laws provided aid from the state. By the end of 1934, OPERATION UNDER STATE OLD-AGE PENSION ACTS DURING 1934

State	Funds supplied by—	Number of eligible age	Number of pensioners, end of 1934	Amount disbursed	Monthly pension Maximum payable	Monthly pension Average paid 1934
Arizona	State and county	9,118	1,820	$ 427,527	$30.00	$19.57
California	do.	210,379	19,619	4,288,508	30.00	20.21
Colorado	do.	61,787	10,098	1,256,190	30.00	9.74
Delaware	State	16,678	1,583	193,231	25.00	9.91
Idaho	County	22,310	1,712	138,440	25.00	6.74
Indiana	State and county	138,426	23,533	1,134,250	15.00	4.50
Iowa	State	184,239	8,300	220,000	25.00	13.25
Kentucky	County	84,252	——	——	20.83	——
Maine	State and city	69,010	——	——	30.00	——
Maryland	County	92,972	267	65,228	30.00	24.43
Massachusetts	State and city	156,590	21,473	5,628,492	(1)	26.08
Michigan	State	148,853	3,557	103,180	30.00	9.99
Minnesota	County	94,401	4,425	577,635	30.00	10.97
Montana	do.	14,377	2,780	177,426	25.00	5.32
Nebraska	do.	86,194	926	13,577	20.00	1.22
Nevada	do.	4,814	7	1,552	30.00	18.48
New Hampshire	do.	25,714	1,483	311,829	32.50	17.51
New Jersey	State and county	112,594	11,401	1,773,320	30.00	14.87
New York	do.	373,878	51,834	12,650,828	(1)	20.65
North Dakota	State	30,280	3,914	24,259	12.50	.69
Ohio	do.	414,836	36,543	1,434,416	25.00	6.54
Oregon	County	39,133	6,525	639,296	30.00	8.16
Pennsylvania	State	289,705	18,261	386,717	30.00	21.18
Utah	County	22,665	902	86,416	25.00	7.98
Washington	do.	101,503	1,588	103,408	30.00	5.43
West Virginia	do.	73,043	——	——	30.00	——
Wisconsin	State and county	112,112	2,127	459,146	30.00	19.95
Wyoming	County	8,707	719	82,732	30.00	9.59
Total		2,998,570	235,397	32,177,603	——	14.68
Alaska	Territory	2,935	454	108,485	35.00	25.00
Hawaii	County	7,638	354	27,427	15.00	7.06
Grand total		3,009,143	236,205	32,313,515	——	14.69

---

[1] No limit.

Source: U. S. Bureau of Labor Statistics and Committee on Economic Security. Monthly Labor Review (August, 1935).

half of the twenty-eight states with laws provided for state payments, several assuming entire state responsibility for financing. The more effective laws have provided for state-wide local administration, with considerable state supervision and state participation in financing. The federal act now gives recognition to these trends in the requirements for approval of state plans.

In 1934 the President, by executive order, created the Committee on Economic Security to make recommendations for social security legislation, including measures designed to safeguard people against the hazards of old age. In its report to the President of January 1935 the committee stated, "With a rapidly increasing number and percentage of the aged, and the impairment and loss of savings, this country faces, in the next decades, an even greater old-age security problem than that with which it is already confronted." To meet this problem, the committee suggested three complementary measures: (1) non-contributory old-age pensions or assistance, (2) compulsory contributory annuities, and (3) voluntary contributory annuities.[1] This discussion is limited to old-age assistance.

The report showed that there were 6,500,000 people over sixty-five years in the United States, or 5.4 per cent of the total population, in 1930. On the basis of the present population and trends it was predicted that within twenty-five to thirty years the actual number of old people will have doubled. In 1934 there were approximately one million old people in receipt of some form of public relief, although only 180,000 of these were receiving pensions under state old-age assistance laws. The depression will undoubtedly increase the proportion of old people requiring public assistance as so many people have lost their savings as well as their jobs. The increasing difficulty encountered by old or even middle-aged people in securing employment also contributes to the expected increase in dependency among the aged.

After months of hearings in both house and senate committees, and other months of discussion on the floor and in conference, the social security act finally became law with the President's signature on August 14, 1935. Unfortunately, a senate filibuster prevented passage of the third deficiency bill (H.R. 9215) appropriating money for the purposes of the act, delaying actual payments to the states until the present session of congress appropriated funds for this purpose.

REQUIREMENTS OF SOCIAL SECURITY ACT

The definite requirements of the federal social security act, as set forth in title I, have been largely responsible for state activity during 1935, as states must conform in order to be eligible for reimbursement from federal funds. These requirements are generally in line with the trend already noticed in state legislation. The federal act requires that a state must submit a plan for old-age assistance to the Social Security Board for their approval. Such a state plan must:

> 1. Provide that it shall be in effect in all political subdivisions of the state, and if administered by them, be mandatory upon them;
> 2. Provide for financial participation by the state;
> 3. Either provide for the establishment or designation of a single state agency to administer the plan, or provide for the establishment or designation of a single state agency to supervise the administration of the plan;
> 4. Provide for granting to any individual, whose claim for old-age assistance is denied, an opportunity for a fair hearing before such state agency;
> 5. Provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the board to be necessary for the efficient operation of the plan;
> 6. Provide that the state agency will make such reports in such form and containing such information as the board may from time to time require, and comply with such provisions as the board may from time to time find necessary to assure the correctness and verification of such reports; and
> 7. Provide that, if the state or any of its political subdivisions collects from the estate of any recipient of old-age assis-

---

[1] The provision for the sale of voluntary annuities was stricken by Congress.

> tance any amount with respect to old-age assistance furnished him under the plan, one-half of the net amount so collected shall be promptly paid to the United States.

The act further provides that the board shall approve any plan which fulfills the conditions specified except that it shall not approve any plan which imposes, as a condition of eligibility for old-age assistance under the plan:

> 1. An age requirement of more than sixty-five years, except that the plan may impose, effective until January 1, 1940, an age requirement of as much as seventy years; or
>
> 2. Any residence requirement which excludes any resident of the state who has resided therein five years during the nine years immediately preceding the application for old-age assistance and has resided therein continuously for one year immediately preceding the application; or
>
> 3. Any citizenship requirement which excludes any citizen of the United States.

When the state old-age assistance plan is approved, the social security act provides that the federal government will pay one-half of the cost up to $30 a month for any individual. If the state pays more, the federal government will still pay only $15.

As set up, the Social Security Board of three members, and its executive director responsible for administration, work through the various bureaus established by them. Grants to the states for the care of needy aged persons will be administered by the Public Assistance Bureau, which will also administer federal grants to states for assistance to the needy blind and aid to dependent children. Miss Jane M. Hoey has been appointed director, assuming her new position during January.

DISCUSSIONS ON STATE PLANS

During December the Social Security Board and the United States Children's Bureau invited state directors of public welfare from the various states to come to Washington to discuss the coöperative planning necessary to put the public assistance provisions of the social security act into effect, and the information the federal government would need to decide upon the acceptability of state plans submitted. In this meeting it was very apparent that state authorities were relieved to find themselves consulted in regard to the information to be submitted in making application for federal funds and for later reports.

In the hearings before the house committee on January 8, John G. Winant, chairman, Arthur J. Altmeyer, member of the Board, Frank Bane, executive director, and other staff members gave interesting testimony about the state plans submitted, those accepted, and also information about states which had not yet submitted plans in the various fields of public assistance with estimates of the federal funds required for reimbursement for the six-month period from January 1, 1936, to June 30, 1936. Amendments were suggested to show clearly the exact period in which a grant-in-aid can be made to the states.

Mr. Bane testified, "Under our interpretation of the act, I might say there are two rights, so to speak, that are reserved to the states: First, the state administrative organization determines the people that may receive old-age pensions, and second, the state administrative organization determines the amount of assistance received by each individual person. Therefore, the gross expenditure in the country for this old-age assistance will largely be determined by the states themselves."

His testimony also showed that thirteen state plans for old-age assistance had been accepted before January 1, 1936, that these states had a logical right to expect reimbursement for these expenditures beginning from that date, and that the federal government has a moral obligation to match these state expenditures within the terms of the law.

By February 14 the Social Security Board had approved state plans for old-age assistance in eighteen states as follows: Alabama, Connecticut, Delaware, District of Columbia, Idaho, Iowa, Maine, Maryland, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, Rhode Island, Vermont, Washington, Wisconsin, and Wyoming. Some of the other plans submitted will be accepted in the near future and others will be modified by the states to make them acceptable. So far as possible the Social Security Board is accepting plans as a basis for coöperation, working toward later improvement in administration as plans get under way.

During 1935 twelve states enacted new old-age assistance laws, two of these replacing old laws previously declared unconstitutional, and sixteen other states amended earlier statutes to fit the requirements of the federal act. According to the Social Security Board,[2] forty-one states, two territories, and the District of Columbia now have legislation or general enabling acts under which state plans may be submitted.

The revised deficiency bill, (H.R. 10464) carrying an appropriation for grants to states for old-age assistance plans for the rest of the fiscal year (ending June 30, 1936), went into effect with the President's signature on February 11. Within forty-eight hours United States Treasury checks representing the first social security grants for old-age assistance were in the mails. These were as follows:

To Iowa	$548,100.00
To Alabama	105,000.00
To Delaware	33,075.00

Checks were mailed to thirteen other states the following day. The stage is now set for real experimentation with federal grants-in-aid to further administration of old-age assistance, with the three levels of government working on a coöperative basis.

---

[2] January 24, 1936. All but Georgia, Louisiana, North Carolina, South Carolina, South Dakota, Tennessee, and Virginia. (Kansas and New Mexico do not have laws, but may operate under enabling acts.)

YOU AND YOUR GOVERNMENT

The current YOU AND YOUR GOVERNMENT radio programs, devoted to "The Constitution in the 20th Century," are broadcast over an NBC—WEAF network every Tuesday from 7.45 to 8.00 P. M., eastern standard time (beginning April 28 eastern daylight saving time). Following are the speakers and their subjects for coming weeks:

April 14—"Getting a New Constitution." W. Y. Elliott, Professor of Government, Harvard University.

April 21—"The Constitution and the States." Albert C. Ritchie, Former Governor of Maryland. (Presented by David C. Winebrenner, 3rd, Secretary of State under Governor Ritchie.)

April 28—"A Unified Economy and States Rights." James Hart, Professor of Political Science, Johns Hopkins University.

May 5—"Regional Governments for Regional Problems." William B. Munro, Professor of History and Government, California Institute of Technology; Former President, American Political Science Association.

May 12—"The Constitution and Social Security." John G. Winant, Chairman, Social Security Board; Former Governor of New Hampshire.

May 19—"The Rights Reserved to the States and the People." William L. Ransom, President American Bar Association.

The May issue of *The Annals* of the American Academy of Political and Social Science will contain a series of articles in which the authors will treat more fully the topics they discuss in these radio programs. Pre-prints of each complete article are available immediately following its corresponding broadcast for fifteen cents each or two dollars for the series including a reading list. The reading list may be purchased separately for fifteen cents. Send all orders and inquiries to the American Academy of Political and Social Science, 3457 Walnut Street, Philadelphia, Pa.

The Effect of the Social Security Program Upon Welfare Administration

Permanent, unified welfare departments, manned by capable personnel and freed from political domination, are called for under the social security program

FRED K. HOEHLER *Director, American Public Welfare Association*

A new phrase, social security, has been added to the terminology of welfare administrators in every political unit in the United States. To many it is just a phrase with little realization of what it may mean to them as administrators or to the communities that they serve.

Because of the unemployment emergency, the last five years have seen necessarily a growth in public welfare service out of all proportion to any similar period in our national history. Emergency acts have created state and local bodies for the administration of fabulous sums of money in the care of hosts of citizens. Some of these bodies were literally created over night, and many of the administrative policies and procedures were superimposed from above. The result on the whole has been a surprisingly well run but extremely temporary relief set-up.

The federal social security act is a recognition that the emergency is passing and we are destined to have, as a permanent function of government, the administration of large public welfare services.

The assistance phases of the social security act are not new as a function of government. State and local governments have been in the business of giving aid to the aged, blind, dependent children, and to mothers and children requiring maternal and health care. The federal government, furthermore, has had experience in grants-in-aid to states. Highway departments, educational institutions, and school systems have qualified by their services and personnel to participate in the use of federal funds for a variety of purposes. This principle is well established and has given motorists the continuous comfort of a well built highway within a state and across state lines. Future citizens have been assured of more adequate training, and mothers in need of maternal aid and education have been, as citizens of a state, aided by a federal government.

The assistance features of this act extend federal aid to many existing local welfare services at a time when local resources are incapable of meeting a mounting load of necessary public aid. One is compelled to appraise the emergency welfare organization and the regular state and local departments of welfare in the light of the new permanent functions of government in this field. Public welfare administration as a coördinated function of state governments has been notoriously neglected. Budgets have indicated that mounting costs of welfare and relief have been going on consistently, but only here and there is there seen an indication of intelligent policy-making and consistently sound administration. This neglect is due partly to the general feeling that the care of those in need can be carried on much as the lodge or church has done in the past. The increasing use of tax funds and the general growth of public responsibility in this field places on the state a new obligation far beyond the days of social service in the lodge, church, and private agency.

New things are happening in this field of welfare which should be of vital concern to public officials charged with welfare administration. What course does experience point out? How can we secure the best results in serving those who need security? These are some of the questions honest administrators are asking.

NEW LEGISLATION NEEDED

Most of our states must pass legislation to qualify under this act and the rules of the security board. In old-age assistance, the federal act is fairly specific on what the state plan must provide. Each state must provide that old-age assistance shall be in effect in all political subdivisions. It is mandatory that either the state or the local subdivisions designated by the state shall administer this assistance. Machinery must be set up for hearing the claims of those who are denied assistance.

The Social Security Board may also require efficient and effective methods of administration, and there must be reports submitted to the board regularly if a state receives aid from the federal government. Similar requirements are made for aids to dependent children, maternal and child care, blind relief, crippled children, and public health.

The act does not provide the control over personnel which other recent federal acts have required. This fact places heavier responsibility on the state and local officials for establishing a good personnel policy in order to protect the administration of funds allotted or appropriated to them. There is serious possibility that some states and local governments may wreck or despoil the entire system through careless and inadequate administration or poor personnel provisions.

THE FIRST STEP

The first and obvious step is to relate all social security functions to the regular welfare departments of government. Where such departments do not exist, they should be created to include all welfare activities of the state government. No state or local group dare hazard the chance of relating this activity to an emergency set-up. It requires continuity of service and personnel such as can never exist in an emergency administration.

So far as possible, all the functions of state government in the welfare field which deal with the federal government should be centered in one department or under one administrative head.

These activities in the field of public welfare and social insurance will constitute one of the largest and most important tasks in the field of government. The number of persons involved and the amount of money to be handled will make the detailed administration most important.

SOUND ADMINISTRATION

Good administration requires trained and efficient personnel. More emphasis should be placed on the personnel standards and administrative procedure than has been the custom in too many welfare departments. What is needed is some assurance that there will be a continuing policy in the conduct of a public department. This is one place where good civil service or a merit system should be invoked before persons are appointed.

In spite of all that has been said by its opponents about social security administration in Europe, it has not only withstood the depression but has actually come through it with improved administration. The secret of this record in Europe is that the countries like England, France, and Germany have been able to assume a nonpartisan and efficient administration from the beginning through carefully selected personnel. This, unfortunately, is not true in this country. Thirty-eight of our states are still operating under the spoils system where politics play a devastating part with frequent changes in personnel and generally low standards of administration.

The importance of avoiding politics in this human side of government is obvious even to the layman, but our experience in the immediate past indicates all too well the greed of some politicians for jobs and for a hand on the purse-strings. With the constant danger of sabotage by political groups, every effort must be made to safeguard good standards of administration, not only by public opinion but by legislative provision as well.

As suggested earlier in this article, a state might well provide for the administration of all these assistance functions through one department of government. While this department must necessarily be a regular part of the governmental structure, to assure the continuance of policy and good procedure and the establishment of sound personnel standards, it can and should be safeguarded by a legislative provision for a board with overlapping terms.

The Sherrill Committee Survey for Ohio discusses the subject of an administrative board and concludes with recommendation favoring a board with advisory powers. The report of this committee states:

"To overcome possible political exploitation of the office of director or commissioner of welfare, many well informed persons contend that a board rather than the governor should be given the power of appointment. This has been highly effective in some states as a bulwark against politics.

"This method of appointment, however, has its disadvantages. Experience has shown that it is quite possible to get a poorly qualified board. In such case a governor, however desirous of improving the situation, is handicapped in replacing an incompetent department head.

"The board plan, furthermore, while it may succeed in keeping in office a department head well qualified for his duties, may at the same time handicap the department from the standpoint of securing the active interest of the governor and in securing for the department a fair consideration of budget requirements."

Governor Lehman's Commission on State and Local Relief Policy has recently announced an almost identical position with regard to the board. These arguments indicate the advantage of a board with advisory or preferably limited administrative powers with the department head appointed by the governor. Whether this board should have all the administrative responsibility or not is a debatable question among public officials, but it certainly should be charged with the responsibility of establishing policy and set adequate standards for personnel.

Referring to the director, the Sherrill committee in Ohio has the following to say:

"The director should be a person of wide and successful experience as an executive in the field of public welfare.

He should be a student of social problems and have a good general understanding of the nature, significance, and control of the large social problems which constitute the responsibility of the department. A number of different professions are engaged in carrying out various phases of the work of the department and the director (and also the assistant director) should understand how to utilize and focus the services of these various professional groups in order to deal most effectively with the social problems involved.

"The committee is fully in accord with the viewpoint that the head of the department should be appointed and have tenure of office on a merit rather than on a political basis. This survey has revealed in no uncertain terms that political appointments in the welfare department have sacrificed the interests of thousands of helpless wards of the state."

COMPETENT PERSONNEL

To assure effective administration, the states must have competent personnel qualified in each of the specialized fields. Staff members must be equipped with education and experience to give constructive supervision to local departments. Too frequently of late we have witnessed governors and local politicians resort to the political trick of scoffing at college graduates and experienced workers for this job. While these same people demand a trained and specialized physician for treating their physical ills, trained engineers to build their homes, and even go so far as to require schooled and experienced tree surgeons to trim trees and patch them with cement, they are content to give responsibility for treating social ills and distributing huge sums of money to relieve distress to their henchmen who have not the slightest knowledge of the job to be done or the people to be aided. If money is to be used to the right end and human need best served, this task is for men and women who have not only great human sympathy and understanding, but an intelligence which is the product of proper training and experience.

The state administration must be in a position not only to establish and carry out through civil service or a merit system its own personnel standards, but should prescribe qualifications for local personnel in the field of public assistance.

RECORDS

Good records, too, constitute an important phase of efficient administration. No effort should be spared to have this job of recording and reporting done promptly and well. The federal Social Security Board cannot make reimbursements unless local and state records of expenditures are in good shape. Economy of operation and the elimination of possible waste depend on the system of records kept at each stage of this coöperative service of federal, state, and local governments.

The American Public Welfare Association has prepared sample and suggestive forms for records and other material useful to state and local administrators. Each record must be simple and complete. Here particularly an administrator should seek the aid of the best person available and use the finest experience in this field. Many a fine experiment has been wrecked because of unnecessarily complicated forms and procedures or by unintelligent administration of procedure, just as others have been wrecked by carelessness or neglect of necessary forms and procedures.

LOCAL ADMINISTRATION

The great emphasis among public officials is for local administration of these funds under state supervision rather than direct administration by the states.

This will carry with it the distinct advantage of local interest in the task and better local understanding and support. Such a plan need not relax state control or supervision and may even provide for such powers as are recommended by Governor Lehman's commission in New York:

"The powers of the state department and state board . . . should include the power to make rules and regulations for the administration of home relief; the power to pay part of the salary for qualified local welfare personnel and the power to withhold state funds unless rules and regulations of the state board are complied with."

With regard to the unit for local administration, both the Sherrill report in Ohio and the governor's commission in New York recommend the county as the logical local unit. In states where counties do not exist, for administrative purposes the city or the town must necessarily be the unit, however unsatisfactory this may be.

The New York study decries the political machinations which are present throughout the year when the relief official is seeking his reëlection. All local welfare functions should be centered in a county or district department of welfare. The department should consist of an appointive board with either advisory or administrative powers.

While many of the arguments on behalf of a state board with advisory or limited administrative powers might be advanced in connection with the local board, it seems to the writer that a local board close to the task could well have complete administrative authority including the appointment of a director. Whatever its authority, the members of this county board should be appointed with overlapping terms in order to give continuity of policy.

CONCLUSION

The adequate administration of this act is dependent on coöperation from the federal government down through the state to the local community. This must be sound and in the interest of good public service. Without sound administration, more money may be wasted in this great enterprise than all the political grafters ever appropriated to their own use in our entire history as a government.

Unless, too, we succeed in securing intelligent, trained, and honest personnel and good administration, we have reached a peak in social legislation only to move into a more lasting depression in which disillusionment and despair will crush the morale of our people.

President Roosevelt Appoints Survey Committee.—A special committee of three to make a survey of federal administrative agencies was appointed by President Roosevelt on March 22. The members of the committee are Louis Brownlow, director of the Public Administration Clearing House; Charles E. Merriam, professor of political science, University of Chicago; and Luther Gulick, director of the Institute of Public Administration, New York City. The ability of those appointees is well known to members of the National Municipal League. It is expected that the survey will be directed chiefly towards a determination of which of the many new governmental agencies created by the administration to deal with the depression and other problems can be dispensed with, reduced, or incorporated in the permanent governmental structure. A report is desired by the end of the year or earlier. Mr. Brownlow and Dr. Gulick are also advisors to the Senate committee initiated by Senator Byrd of Virginia for a somewhat similar purpose.

Financing the Welfare Provisions of the Social Security Program

The social security program recognizes the need for federal aid for welfare activities with state and local administration

J. ROY BLOUGH

University of Cincinnati

THE social security act establishes a variety of financial devices and methods. This paper is limited by its subject to the methods of financing the welfare provisions of the act. Under these provisions are included federal grants-in-aid to states for the purpose of financing old-age assistance, aid to the blind, aid to dependent children, promotion of maternal and child health, care of crippled children, child welfare, and public health. For details of the various grants, see the accompanying table.

These provisions are highly significant, not because they mark the inauguration of new forms of social care or new systems of dealing with indigence, for they are not innovations in this sense; or because grants-in-aid are new and untried, for they have been used frequently in this country and abroad; but rather because they mark the inauguration of federal assistance for social welfare work on a permanent basis. While it is too early to say that such federal assistance will indeed be permanent, the act lays the foundation for permanence by authorizing annual appropriations so that repassage of the act by succeeding congresses will not be necessary to provide authority to make appropriations.

Financial provisions for different kinds of welfare work, while differing in certain important respects to be discussed later, have in common this new policy of permanent federal assistance. There has been and still is much controversy over this policy. In view of these differences of opinion, the policy deserves careful analysis and criticism in order that the country may not have saddled on it an accumulation of innocent vested interests that will later make needed changes politically difficult and ethically unsupportable.

Indigency has two general sources, inability to do productive work and inability to find productive work to do. Inability to do productive work arises from youth, from old age, or from illness or other physical or mental handicap. The largest welfare appropriation under the act goes to relief of indigency caused by old age; the next largest goes to the relief of indigency and to collateral problems in the case of children; most of the remainder is for public health services, which help to prevent illness or to restore health and thus to prevent indigency through incapacity; and another aid is to assist a particular class of physically handicapped, the blind. The unemployed and the ill or handicapped in general are omitted entirely, unless they also fall under one of the above-mentioned groups.

WHAT UNIT OF GOVERNMENT SHOULD PAY THE BILL?

Two points of view must be ruled out at the start. One of these is that the choice of the governmental unit or units (federal, state, and local) employed to finance relief is purely a matter of expediency, the only real consideration being one of "getting the money." Only a very thoughtless enthusiast for public welfare services would hold this view, failing to see that it makes a great deal of difference what unit or units of government finance these services.

The second, and equally naive, point of view is that under the "American system" social welfare is reserved to the states and localities and that the federal government is thereby morally if not legally estopped from taking any part in such a program.

The basic question is, to what extent, if at all, should the federal government promote, administer, control, and finance public welfare services. Although this paper is concerned with the financial aspects it cannot entirely avoid the other.

The question of federal financing of public welfare services is only an aspect of the larger problem of financial and governmental centralization. This problem has two aspects, one involving the question of who should bear the burden of financing governmental functions, the other involving the problem as to who should perform or control the performance of governmental functions. These two aspects of financial burden and control run through all kinds of intergovernmental fiscal relations, and public welfare services present no exception. If the services are financed locally, each locality must bear the burden of its own welfare services, whether this burden is a tremendously heavy one or an insignificantly light one. If states finance welfare services, the burden is equalized among all of the localities of the state. Localities having small needs for such services must pay as high tax rates for them as localities with large needs. Part of the burden is thus shifted from some localities to other localities. Different states, however, will have different tax burdens for welfare services, some heavy and some light. If the federal government finances these services, burdens are equalized throughout the country as a whole since taxes are uniformly imposed in all areas for carrying on the services in those areas where they are needed. The distribution of the burden of public welfare services will thus vary widely depending on whether local, state, or federal governments finance it.

The unit of government financing public welfare services will also have a bearing on the control of their administration. If localities finance the services state control will be resisted, probably with a good deal of success. If states finance the services control will be imposed on the local units of government while efforts of the federal government to control or coördinate administration will be resisted. If the federal government finances welfare services it will endeavor to control administration in very large degree, if indeed, the administration is not taken over entirely by the federal government. If there is a joint effort to finance welfare services there is more likely to be a coördinated program among localities and states without a completely centralized control since no one unit can claim a monopoly of interest. On the other hand responsibility will likely be harder to place.

ANALYSIS OF THE PROBLEM

The analysis of the policy of federal assistance may well begin with a statement of principles that will be commonly accepted as presenting desirable aims for governmental policy to achieve. These principles will be discussed under six heads: (1) Responsibility for the need of welfare services, (2) benefits derived from welfare services, (3) sources of tax revenue for financing welfare services, (4) economic effects of financing welfare services, (5) efficiency and economy of expenditure, and (6) centralization of governmental control.

RESPONSIBILITY

The chief difference between federal, state, and local governments lies in the area and the number of people within their jurisdiction. It appears reasonable that the area responsible for the necessity of performing a governmental function should bear the financial burden of performing that function. The need for welfare expenditures grows out of personal weaknesses that would persist regardless of the social and economic order, and out of the effects of the institutions of the social and economic order. Many welfare problems can be traced directly to the rise of industrialism. This is especially true of unemployment and welfare needs arising from it. Unemployment is one of the penalties accompanying free enterprise, specialization, and exchange. The whole market area is responsible for unemployment through variations in the volume of purchases; accordingly, the whole market area may properly be held responsible for financing the relief and other welfare activities necessitated by unemployment. It is true, however, that some causes of unemployment are local or state-wide in their character. Inadequate labor laws, repressive farm tenant laws, bad banking laws, poorly coördinated employment exchanges, speculative industrialists, shortsighted unions may all be causes of unemployment. The responsibility is thus divided between national or regional and local factors.

The responsibility of the country as a whole is also great in the case of the aged. Old-age problems are intensified by industrialization through unemployment, effects on the family, and otherwise. Furthermore, population is mobile; workers frequently spend their productive years in one or more states or sections and their old age in another state or section. There is good reason for maintaining that the area receiving the chief benefit from one's productive efforts should be at least as responsible if not more so for caring for his indigent old age as the area in which the old age is spent.

The case of dependent children involves somewhat similar reasoning. Children reared in one area often spend their productive years in another. It appears only reasonable that the areas receiving the benefit of the productive part of their lives should be at least as responsible for their rearing as the area in which they spend their poverty-stricken childhood.

A second principle concerns benefit. The area benefiting from the performance of a governmental function should assist in financing that function. It should be obvious that the area within which those aided live and move is a benefiting area, but benefit extends much beyond this. Every person with a spark of altruism is more comfortable when the hungry are fed and the naked are clothed. The benefit is also a more selfish one. Disease and social unrest are infectious; they may become epidemic or even pandemic. Failure to supply welfare services may result in the spread of one or both far from their origins. The various communities and sections of the country are so intertwined that injury from disease and social unrest and the benefit resulting from their prevention are diffused throughout the entire country. The local benefit is no doubt strongest and the benefit farther away less than nearby; nevertheless there is a large degree of general benefit and consequently a strong general interest in having the indigent adequately and humanely cared for.

TAXES

A third principle relates to the types of taxes to be employed in financing public welfare services. They must be capable of supplying the needed revenue, and they should be just, economically sound, and readily administered. There are three principal ways of imposing taxes, namely, on the value of property, on the gross value of production or sales, and on net income. Each of these general methods has its merits and its defects. The taxes on real estate and other forms of property have long been the backbone of local finances, due to the fact that they are practically the only forms of tax aside from local license taxes that local governments can impose and administer successfully. The collapse of rural property values in the twenties and of urban property values in the thirties, and the enormous accumulations of delinquent taxes are evidence that taxes levied on property cannot, speaking generally, be expected to finance increased governmental services, if indeed they can finance the pre-depression costs of government. The taxes on sales are highly productive but are commonly condemned by students of taxation as regressive, and as having harmful economic effects on industry and trade. It is a little ironic to think of sales taxes as a source of funds for welfare services since the poor are heavily burdened by such taxes. Income taxes, although fluctuating in yield between years of prosperity and depression, are highly regarded as being the only taxes applying to individuals according to their total ability, and as having the least harmful effects on industry and business of any type of tax. A desirable expansion in the use of income taxes must come about not so much by extremely high rates in the higher brackets (the justification for such rates must be along other than revenue lines) as by higher rates and lower exemptions and further development of the tax in the lower and middle income brackets.

Substantial increases in the use of income taxes can be accomplished only through federal action. The history of income taxes shows that localities cannot successfully impose and administer them and that the dangers—actual and imagined—of the interstate migration of mobile capital and population and the difficulties of administration set real although not well defined upper limits to state income tax rates.

ECONOMIC EFFECTS

A fourth principle relates to the economic effects of financing welfare services. There are elements of conflict, not as important as is often maintained and perhaps non-existent over a long period of time but nevertheless real for any given short period between the social welfare program of a given state and the prosperity and expansion of its industries. A far reaching public welfare program, however much desired, may be delayed or destroyed by the fear that the necessary tax burden will in whatever form it is imposed, discourage capital and migratory industry in the state. For the nation as a whole there is no such conflict, or if there is it is much less serious. Accordingly, a fairly uniform, nation-wide program of public welfare services is less likely to have harmful industrial repercussions than are individual state programs.

ADMINISTRATION

A fifth principle relates to the efficiency and economy of the expenditure of public funds. Financial policy

FEDERAL AID FOR FINANCING PUBLIC WELFARE SERVICES
UNDER THE SOCIAL SECURITY ACT OF 1935

Sections of Act	*Purpose of Aid*	*Amount Authorized for Appropriation*	*Basis of Allotment*	*Per cent of Required State Matching to Total Payment*	*Method of Allotment*
1-6	Old-age assistance	*1935-36* $49,750,000 *Thereafter* Sum sufficient	*a.* Payments by State in old-age assistance, not including amounts over $30 per month. *b.* 5% for administration.	*a.* 50 per cent *b.* None required	Quarterly by Social Security Board to states having acceptable plans.
1001-1006	Aid to the blind	*1935-36* $3,000,000 *Thereafter* Sum sufficient	*a.* Payments by state in aid to blind, not including amounts over $30 per month. *b.* 5% for administration.	*a.* 50 per cent *b.* None required	Quarterly by Social Security Board to states having acceptable plans.
401-406	Aid to dependent children	*1935-36* $24,750,000 *Thereafter* Sum sufficient	Amounts expended not including amounts over $18 per month for one child and $12 for each additional child.	66 2/3 per cent	Quarterly by Social Security Board to states having acceptable plans.
501-505	Maternal and child health*	*Annual:* $3,800,000	*a.* $20,000 to each state. *b.* $1,800,000 in proportion to live births. *c.* $980,000 on basis of financial need of assistance.	*a.* and *b.* 50 per cent *c.* None required	Quarterly by Children's Bureau to states having acceptable plans.
511-515	Crippled children*	*Annual:* $2,850,000	*a.* $20,000 to each state. *b.* Remainder on basis of need considering number of crippled children and cost of care.	50 per cent	Quarterly by Children's Bureau to states having acceptable plans.
521	Child welfare**	*Annual:* $1,500,000	*a.* $10,000 to each state. *b.* Remainder in proportion to rural population.	None required	Annually by Children's Bureau to states having acceptable plans.
601-603	Public health	*Annual:* $8,000,000	Population, special health problems, and financial needs.	None required	Annually by Public Health Service.

---

*"Especially in rural areas and in areas suffering from severe economic distress."

**"Especially in predominantly rural areas."

should be designed to encourage the achievement of the largest results from any expenditure of funds. An established principle of administration in the past has been that the governmental unit spending the funds should be responsible for raising them. This responsibility sobers judgment and promotes care in expenditure. Its effects are reflected in several ways. One of these is in the decision to spend money. When an individual spends his own funds he presumably balances with a fair degree of accuracy the cost and the benefits. Locally raised and spent money is likewise closely scrutinized—a generalization believed to be substantially true despite numerous specific examples to the contrary. It is a commonplace observation that the farther the source of funds is removed from the body spending them the greater danger there is of extravagance in expenditure. Localities demand funds from the state and the federal governments for purposes and on a scale that they would never be willing to finance from local taxation. The reasons for this condition are simple: the benefits to the locality are very clear; if this locality does not secure them, it is argued, some other one will; and the onus of levying taxes is on some one else. For the same reasons the sobering influence of placing the responsibility of raising funds on the unit of government spending them is reflected in the care and efficiency with which they are spent.

If no factor other than that of efficiency and economy was involved there would be little justification for the payment of funds by the federal government to state and local governments. However it is yearly becoming less possible to follow the principle that the spending unit should raise its own revenues. The functions best performed by certain governmental units, for example cities, have increased much more rapidly than have the revenues that can be administered successfully by these units. Payments by central to local units of government are necessarily increasing and will likely continue to increase in spite of the serious problem of careless and extravagant expenditure that is thereby raised.

CENTRALIZATION

The sixth and final principle to be considered here involves the problem of governmental centralization. The policy adopted for financing public welfare services should not produce an undesirable degree of centralization in government. It appears inevitable that centralization will increase in this country. Several of the previously discussed principles point towards centralization in financing public welfare services. However, centralization is not to be embraced for its own sake but to be resisted. It is something to which governmental policy is being forced because of the changes that have taken place in social and economic conditions and in governmental functions. Bureaucracy, disregard of local interests and local differences, and possible dictatorship are some of its possible dangers. These dangers may constitute a high price for the equitable and other advantages of central financing. To the greatest extent possible, *coördination,* that is, harmonizing and dovetailing local programs, should be preferred to *centralization,* and a less degree of centralization should be preferred to a greater degree.

It will be observed that these six principles lead to three conclusions that are not mutually consistent. The first conclusion is that since there is nation-wide responsibility for the need for public welfare services and nation-wide benefit from them, since, also the most desirable sources of revenue can be effectively administered on a large scale only by the federal government, and since to prevent tendencies to undesirable shifting of capital and industry public welfare services should be more or less uniform in all states, the federal government should participate in financing public welfare services. The second conclusion is that to avoid undesirable centralization and bureaucracy the federal government should not administer public welfare services. The third conclusion is that because of undesirable effects on efficiency and economy the federal government should not make payments to states. These conclusions obviously cannot be fitted into any one pattern of fiscal policy without evaluation and compromise to find a reasonable solution.

FINANCIAL PROVISIONS OF THE SOCIAL SECURITY ACT

Do the methods for financing the welfare provisions of the social security act constitute a reasonable course of action in view of these conflicting principles? Different answers will be given to this question depending on the relative importance attributed to each of the principles. It is the writer's opinion that in general they do. There are a number of reasons for this opinion.

First, the act does not provide a federally administered system of public welfare services. State and local administration of welfare activities is much to be preferred to federal administration. Maximum size and financial power do not insure that the central governmental unit will be the most efficient unit of administration. The number of necessary administrative steps between workers in direct contact with those receiving assistance and a central head at Washington is so great that the inevitable result of federal administration must be a topheavy and inefficient bureaucracy. Much better are smaller, independent but coördinated units. The plans provided in the social security act permit this.

Second, the act provides for both federal and state or local financial participation. Federal participation is desirable in view of considerations of responsibility, benefit, revenue policies, and economic effects. State or local—preferably both—participation is desirable in view of considerations of responsibility, benefit, and the stimulation of efficiency and economy.

Third, the granting of funds subject to the federal approval of state plans tends to promote efficiency and economy and to avoid bureaucracy. The required contents of the state plans as described in the act are such that principal types of discrimination and maladministration should be avoided. At the same time the discretion of the federal agency in approving or refusing to approve the plans is limited, which should avoid too much meddling in the details of local administration.

Although thus appearing to be generally satisfactory, the act may well be scrutinized in some of its provisions. Requirements for state and local matching of federal funds vary considerably. In the grants for old-age assistance, aid to the blind, crippled children, and part of the grant for maternal and child health, the federal government furnishes 50 per cent of the total. In the grant for aid to dependent children it furnishes 33-1/3 per cent of the total. In the grants for child welfare and public health, no state matching is required in the act, but the federal agencies in charge are granted authority sufficiently wide to require matching by administrative regulation.

With the exception of the sections on maternal and child health and on public health, where financial need is included as a factor in distributing funds, the grants are all of the straight matching type with no special provisions for equalizing state burdens. All grants-in-aid help to equalize state burdens to some extent since the part borne by the federal government is a general burden throughout its jurisdiction. However, it may be pointed out that the wealthiest states will receive the largest federal aid, and poorer states may be unable to provide adequate matching funds. Despite the inherent difficulties, some equalizing provisions may be necessary in the future.

OTHER WELFARE ACTIVITIES

Perhaps more striking than the provisions of the act are the omissions from it. As pointed out above, the ill and physically or mentally handicapped are largely disregarded while the unemployed are totally disregarded. These two types of classes stand on somewhat different ground so far as the desirability of federal assistance is concerned. Federal responsibility for need of welfare services and federal benefit from those services are least in the case of the physically and mentally disabled. Furthermore, the claim for federal assistance in financing the care of these groups is weak from the point of view of efficiency and economy, because of the difficulties of assuring an efficient program of general relief administration without undesirably close supervision by the federal government. The types of pensions comprising the bulk of the federal appropriations for welfare services in the act will probably involve much less difficulty in this respect than would general relief.

It may prove to be more desirable for the federal government to make its contributions to a permanent relief program in the form of generous aids in those fields where efficiency and economy can be most readily maintained. This would leave a no greater total burden on states than if federal assistance were granted for financing general relief, if the total amount of federal funds granted were the same regardless of the services for which granted.

The relief of unemployment is a distinctly different question. From the viewpoint of benefit and responsibility, the case for federal assistance in caring for the unemployed is stronger than for assistance in any other type of welfare service. No plan of public welfare services is complete that ignores this important subject. It may be argued that provision for unemployment relief is unnecessary since the Federal Emergency Relief Administration and the federal works program take care of the present need while the unemployment insurance sections of the act will take care of future needs. These provisions are, however, insufficient. The Federal Emergency Relief Administration was a temporary organization and is being liquidated and retired; the works program has failed to eliminate the problem of unemployment relief and is at best a temporary measure. There is no expectation that, at least in the near future, state unemployment compensation laws will cover all types of industries. Agriculture, domestic service, and public employment are almost certain to be excluded as are also small-scale businesses of all kinds. Furthermore, unemployment compensation at best is not likely to care for more than the first thirteen or twenty-six weeks of unemployment. Finally, no one can receive unemployment compensation unless he first becomes employed, and it is probable that great numbers of those now unemployed will fail to come under the provisions of the laws for years to come.

Difficulties applying to general relief need not be present in the case of unemployment relief. The administration of the unemployment compensation acts in the states will necessitate the setting up of employment exchanges and other administrative machinery. The presence of these organizations should make possible an efficient, coordinated program of supplementation to care for persons not coming under the compensation acts or for persons coming under the acts after the expiration of the period of compensation.

SUMMARY

Grants-in-aid for public welfare services came into existence as part of a wave of depression legislation. Should they be retained in a period of prosperity? An examination of the aids from the viewpoint of intergovernmental fiscal relations reveals principles on which conflicting answers can be based. To the writer there do not appear to be any defects so serious as to indicate the desirability of abandoning the policy of federal assistance for public welfare purposes with the return of prosperity. Indeed, its scope should be extended. Such deficiencies as may appear to be present should be capable of correction without upsetting the vested interests that are being brought into existence by the act.

St. Petersburg Survey.—An exhaustive survey of the financial situation of St. Petersburg, Florida, has been undertaken by the Consultant Service of the National Municipal League at the request of the council of that city.

The purpose of the survey is to determine ability to pay—i.e., the sum which St. Petersburg can reasonably be expected to pay for debt service.

St. Petersburg presents one of the outstanding default situations in Florida. Its difficulties began before the national depression with the collapse of the Florida boom. Its debt now aggregates in round numbers twenty-one million dollars. The city is paying 3 per cent interest on the basis of an agreement entered into with the bondholders' committee on October 12, 1933. Under the agreement the city applies moneys collected for debt service beyond the interest requirement to the purchase of bonds in the open market. Progress in the reduction of principal by this means, however, has been very slow, and as the agreement with the bondholders calls for an increase in the rate of interest in 1938 to 4 per cent, in 1940 to 5 per cent, and in 1943 to the contract rate, and as provision must some time be made for the regular amortization of the debt, the city council has ordered this survey for the purpose of determining as far as possible the facts upon which the future treatment of its debt situation should be based.

The survey will include:

(1) A consideration of the necessary expenditures for the operation of the city government, including the proper maintenance of its streets, parks, public buildings, etc.;

(2) A study of the city-owned utilities (gas, water, street railway, etc.) to determine the income which can be derived from each without allowing the plant or service to deteriorate or rates to become exorbitant;

(3) A study of the revenues to be derived from licenses and other miscellaneous sources;

(4) An examination of property values and other economic factors in St. Petersburg to determine what taxes property owners can pay without imposing on them impossible burdens.

From the survey outlined above it is expected that it will be possible to reach a fairly accurate conclusion as to the present ability of the city of St. Petersburg to pay debt service. The Consultant Service report will be ready about June 1. A further analysis of the conditions affecting the probable growth of the St. Petersburg community will enable the city to make as accurate an estimate as it is humanly possible of future ability to pay.

Health, Sickness and Social Security

Sickness, one of the greatest causes of insecurity, not provided for in federal social security act. Some states giving consideration to the problem

I. S. FALK

Formerly Health Consultant,
The President's Committee on Economic Security

In ordinary times sickness is the leading cause of insecurity. Sickness reaches into every home and, in a normal year, is the most common cause of loss of earnings and of dependency, accounting directly or indirectly for something between one-third and two-thirds of all cases in which the family is forced to seek financial or social assistance. These points must not be lost from sight in preoccupation with the special problems of an emergency period.

In an ordinary year earnings lost because of sickness in this country amount to something between 1.0 and 1.5 billion dollars and medical care costs about 3.7 billions. When these direct costs of sickness are restricted to the lower income classes of the United States, the figures are as follows:

Family Income	*Loss of Earnings*	*Costs of Medical Care*
Under $1,200	$250,000,000	$ 300,000,000
$1,200- 2,500	650,000,000	1,200,000,000

The costs of medical care exceed the loss of earnings. Expressed in average costs for the people in these income brackets:

Family Income	*Average Loss of Wages Per Employed Person*	*Average Cost of Medical Care Per Family*
Under $1,200	$25	$49
$1,200- 2,500	32	86

It is only as a matter of unusual chance, however, that some particular individual or family actually incurs the average loss in earnings or the average costs of medical care. Except through chance and for a small proportion of the population, sickness does not come to a family in average amounts nor for average durations, nor does it cause average losses or involve average costs. Whether an illness will be mild and non-disabling or severe and disabling; whether disability will last a day, a week, a month, or a year depends upon many factors, most of which are beyond the control of the individual or even his ability to predict. People do not buy their medical care for an average sum; they buy such medical care as they think they need, as they can afford, or as they are persuaded or compelled to buy. Though predictable for the large group, the risks of sickness are uncertain for the individual and are capable of producing either mild or catastrophic effects.

Illness has little respect for family income but the charges for certain kinds of medical services are adjusted more or less according to the patient's ability to pay. Average costs incurred for medical care are therefore quite different for people in different economic levels. But large costs may fall upon small purses. The family with small medical costs this year may be the one with large costs next year.

The uneven burden of medical costs upon individuals and families has its counterpart in the uneven distribution of income among the physicians, dentists, and nurses who minister to them. Even in 1929, for every physician who earned more than $10,000 as an annual net income from his professional practice, there were two who earned less than $2,500. For every dentist who earned more than $10,000 there were four who earned less than $2,500. This was the unhappy state of affairs in a peak year of prosperity. Since then, the lot of doctors and dentists (and also of nurses and hospitals) has been much worse. The extent of unemployment among physicians is ordinarily very large. In 1929 the services which they furnished could have been supplied by little more than 50 per cent of those in active practice if each had had a reasonably complete quota of patients to make full use of professional working time. While doctors are only partly occupied and while hospital beds stand empty, millions in need of medical service do not receive it.

The basic problem in medical costs is not to find new money with which to buy medical care, but to enable people to anticipate these costs, to budget them, and to pay them in average amounts. If the costs of medical care are to be paid in average amounts they must be paid by groups of people rather than by individuals. The need for group payment applies not only for medical costs but also for protection against wages lost on account of disabling sickness.

GROUP PAYMENT OF SICKNESS COSTS

The group payment of sickness costs is not a new concept but an old and well established practice. Charity and the sliding scale of medical fees are methods of group payment, though not generally recognized as such. Insurance and taxation are frankly methods of group payment.

A large part of charity is still the gift of individuals, but to an increasing degree charity is given by groups of individuals through organized agencies. Charity shifts the burden from the sick to the well and from one social or economic group to another. This is more clearly evident in organized than in individual charity. Experience demonstrates the inadequacy of charity to solve more than a small part of the problems created by sickness. Furthermore, decent people impoverished through no fault of their own insist that security must rest upon something more respectable than a handout.

Physicians give large volumes of service to the poor at "reduced" fees or without charge. To the extent that they earn larger fees from their well-to-do patients, they are able to give their services to poorer patients at lesser fees and still earn incomes which will sustain them in the practice of their profession. The whole scheme breaks down, however, and bankrupts the profession when physicians do not have rich patients to charge for the poor. Unlike the direct giving of charity, the sliding scale of fees operates not through an impersonal agency but through the individual physician, dentist, or hospital. The doctor taxes the rich to pay for services to the poor, except that only the sick—and not the well—among the members of the higher economic group pay for services furnished to the lower group. Though the sliding scale has had great utility in the past, it has come to be largely a useless and inequitable procedure in these times when intimate and continuing relations between doctors and patients have largely disappeared and when doctors can have little or no accurate knowledge of their patients' ability to pay. The practice persists and will continue, but it can cope with only a small part of the problem which medical costs create for a modern society.

Group payment through insurance has developed in many places in the United States. Compulsory insurance we have only for injuries and illnesses which arise out of employment. This form of group payment, operating under the workmen's compensation laws, furnishes the workman a measure of protection against loss of wages and the costs of medical care. It does not apply to his dependents.

Commercial sickness insurance is sold primarily to furnish cash benefits through individual or group "accident and health policies." Most of this type of insurance undertakes to furnish only cash benefits. Of about two hundred million dollars a year paid out in benefits under these policies, less than 10 per cent is devoted to the medical benefits.

Group payment through non-profit insurance has been a more important development. Many different kinds of groups use insurance to provide medical care for their sick members and for the partial replacement of wages lost on account of disability. The most common group has been the employees of a single industry, banded together in a "mutual benefit" or similar association. In some places, these industrial medical services are financed entirely by industry; in others, the costs are met entirely by the insured persons; and in most, both industry and the employed persons share the costs. Several million employed persons are members of insurance groups which provide complete or partial medical service for these persons or for them and their dependents, some with and some without wage benefits. Group payment has recently been given a strong impetus through the development of non-profit, community plans for hospital insurance. A count shows that at least three hundred thousand persons subscribe for hospital insurance and the number is increasing.

Arrangements which enable an individual to pay his medical bills through a credit agency and instalment payment are not group payment or insurance. Instalment payment distributes costs over a period of time but not among groups of people. It is used not to protect the family against a future risk of sickness but to mortgage its future income against an event which has already occurred.

PAYMENT THROUGH TAXATION

Group payment of sickness costs through taxation is an older and more extensive practice than group payment through insurance. Traditionally, there has been an important difference between the two. Through insurance, the potential beneficiaries pay for services which they may receive; through taxation, taxpayers pay for public health services furnished to the entire community and for individual medical services furnished to the poor and the indigent. Latterly, even before the emergency measures were instituted by federal, state, and local governments to care for the victims of the depression, there has been a tendency to extend the use of tax funds to pay for services for those who pay the taxes as well as for the dependent members of society.

Most of the activities which are supported through taxation are financed from general tax funds and, hence, more or less according to ability to pay. Tax payment through assessment, i.e., through equal or graded payments by those who will actually benefit from the use of the funds, is used only in small measure to pay for tax-supported medical services.

Group payment through taxation embraces many types of public medical services—the activities of health departments, care for legally dependent persons, general medical care for entire rural communities through subsidies to physicians and hospitals, medical care for persons afflicted with certain diseases or conditions which are "infused with a public interest," with mental disease or tuberculosis—apart from general medical care for the unemployed and their families. Tax-supported services are not necessarily all "state medicine." A substantial part of the tax money goes to remunerate not public servants but private practitioners and private ("voluntary" or non-official) hospitals, and other institutions. Thus, much of so-called "socialized medicine" is "socialized" in respect to the payment of costs but not in respect to the furnishing of service.

Taken all together, the group payment of sickness costs ordinarily involves more than one billion dollars a year. In this total, medical care, as distinguished from partial replacement of wage-loss, accounts for over eight hundred million dollars a year. This sum represents expenditures made in "normal" years other than through the individual payments of the persons actually served by medical agencies, and equals nearly one-fourth of the total costs of all health and medical services. Tax funds, exclusive of the emergency tax expenditures in the period of depression, account for over one-half a billion dollars and equal more than one-half the total expended in group payment.

Along what line shall the practice of group payment be expanded? Any large-scale increase in the burden carried by charity is out of the question and both the public and the professions increasingly object to the inequities of the sliding scale. If people are to be given security against the financial burdens created by sickness, this must be done by distributing the costs either through insurance or through taxation, or both. It will therefore repay us to consider briefly the experience which has accumulated in many countries of the world which undertook a generation or more ago to deal systematically, through one or the other of these devices, with insecurity arising out of sickness.

HEALTH INSURANCE ABROAD

During the first half of the last century the voluntary mutual-aid movement in European countries greatly increased in scope; large numbers of social insurance societies developed and came to have millions of members. Nevertheless, the membership remained at a low figure by comparison with the persons who needed protection. The societies were excessive in number, many were small and financially weak, and they were numerous in the cities and scarce in the country. In spite of valuable achievements, the voluntary insurance movement remained inadequate as a general measure of furnishing protection against the risks of sickness.

In 1883 Germany, without making lengthy experiments with the voluntary method, established compulsory sickness insurance for industrial workers. Two years later the scheme was extended to commerce, and the following year to agriculture. The movement then spread rapidly to other countries.

Sickness insurance legislation was held up during the war but was resumed with fresh vigor after the conclusion of the peace. All systems adopted since the World War have contained compulsory features. Between one hundred million and two hundred million persons are now furnished substantial protection through existing schemes. The following tabulation shows the widespread practice of health insurance:

Countries Having Health Insurance Which Is Entirely or Principally Compulsory

Austria
Bulgaria
Chile
Czecho-Slovakia

Denmark[1]
Esthonia
France
Germany
Great Britain
Greece
Hungary
Irish Free State
Italy[1]
Japan
Latvia
Lithuania
Luxemburg
Northern Ireland
Netherlands
Norway
Poland
Portugal
Roumania
Russia
Switzerland[1]
Yugo-Slavia

Countries Having Health Insurance Which Is Entirely or Principally Voluntary

Argentina
Australia
Belgium
Brazil[2]
Canada
Denmark[1]
Finland
Italy[1]
New Zealand
Palestine
Spain
Sweden
Switzerland[1]
Union of South Africa
Uruguay

The vast experience which has accumulated with health insurance holds many guides for any plan which may be contemplated in the United States. It is difficult, and in a sense dangerous, even to try to summarize this experience. Yet a few lessons and conclusions stand out in sharp relief.

1. First, and above all other trends, health insurance has moved steadily from voluntary to compulsory systems. This is clearly due as much to the need for the elimination of undesirable practices which develop in the voluntary period as to correct the failure of voluntary schemes to cover the most needy persons. No country which has once established a compulsory system has ever gone back to a voluntary scheme.

2. Sickness insurance dealt first with wages lost through disability, and second with medical service. Yet in the course of time the programs have generally placed increasing emphasis upon medical care and less upon wage-loss—more upon restoration of the sick and less upon compensation of the disabled.

3. The scope of the insured population has generally increased and both contributions and benefits have been enlarged. The financial strength and the social usefulness of the insurance system, especially when contributions are measured as a percentage of wages rather than as a fixed sum, increase the higher the income brackets which are included in the scheme. However, the existing schemes are still generally "poor-man's systems."

4. The diversity of arrangements through which the contributions are paid and the benefits administered testifies to the adaptability of health insurance to local conditions.

5. Administration is generally vested in insurance societies or funds which are under the sole control of the insured persons, or of them and their employers. The function of government is to supervise and regulate rather than to administer the insurance institutions. This practice developed because the insurance institutions were in the field ahead of government and before there was legal compulsion. In the United States where mutual associations of wage-earners are but little developed, a substitute in the form of government offices would have to be conceived in place of the insurance societies which abound in many other countries.

6. Medical provisions in health insurance schemes are never all-inclusive and are supplemented in every insurance country by tax-supported hospitals and other tax-supported services.

7. There is no important difference between systems which are labelled

---

[1] Countries having both systems, applying to different fractions of the population, or for different classes of risk. In addition to her own voluntary system, Italy retained after the World War the compulsory systems which had existed in former Austrian and Hungarian provinces. In addition, Italy has a compulsory system of insurance against tuberculosis which applies to the entire country. In Switzerland, the systems are quite different in the various cantons. In Denmark registration ("passive insurance") is compulsory but active membership in insurance is nominally voluntary though there are financial and social compulsions.

[2] Medical benefit is made compulsory in recent old-age and invalidity pension acts.

"sickness insurance" and those which are labelled "health insurance." Each has been criticized on the ground that it has not taken a very active part in formal measures to prevent disease or disability. This criticism is only partly justified. Nevertheless, any system created anew should contemplate from the very beginning a closer link between insurance and public health than has been traditional.

8. All experience the world over has shown that those who are insured should be furnished medical care rather than the money with which to purchase service. This conclusion is supported even by the experiences of the one large country (France) where medical benefit takes the form of cash to give the insured person partial reimbursement for private medical expenditures.

9. Health insurance has not become and is not now "state medicine" or "public medicine." It has remained a system whereby contributions derived largely or entirely from insured persons and employers (and, with some exceptions, not from tax funds) go into a common pool from which to remunerate private practitioners of medicine, dentistry, etc., as well as hospitals and pharmacies.

A few general comments may be added to these specific observations. The provision of (medical) service benefits, in preference to money with which to purchase services, compels the insurance institutions to make arrangements with physicians, dentists, nurses, hospitals, etc. These arrangements involve difficult problems which have not been wholly solved in some countries and not always peacefully. However, it has been possible to establish such sound procedures that neither the public nor the government nor the professions would give up any of the major elements of the existing schemes in any insurance country. Despite a great deal of misinformation to the contrary, the provision of medical service of substantial quality has been found to be entirely compatible with the needs and the limitations of health insurance.

Almost world-wide experience shows that the arrangements for insurance for medical services should separate so far as possible two largely incompatible functions which devolve upon the physician—(a) prevention and cure of disease, from (b) certification of disability for the partial reimbursement of wage-loss.

By enabling the poor and the people of small means to obtain care at costs within their means, health insurance has been a bulwark against the "socialization" of medical practice. It has financed and has made possible the continuance of private practice for those income classes which many argue should be served by "socialized" medicine. This, according to one's point of view, is among the virtues or weaknesses of health insurance.

SOME RECENT DEVELOPMENTS IN THE UNITED STATES

Even apart from the provisions under the workmen's compensation laws which furnish protection to millions of wage-earners, health insurance is a well established practice in the United States. Though castigated by uninformed critics as some visionary and academic proposal, it is actually far more prevalent in the United States than was unemployment compensation before the enactment of the social security act in August 1935.

Attempts have been made in the past to establish legally required (compulsory) insurance for non-industrial illness and medical care. Between 1912 and 1920 an active campaign was carried on to enact such legislation. In 1916 and again in 1917 resolutions were introduced in Congress to create a federal commission empowered to draft a plan for a national insurance fund against sickness, invalidity, and unemployment. These resolutions died in committee. Nine states gave special study and legislative consideration to sickness insurance, and bills to provide compulsory systems were proposed in five. All failed of enactment.

Between 1920 and 1927 there was comparatively little interest displayed in this subject in the United States. With 1927 a new period began, for in that year the Committee on the Costs of Medical Care came into being. This committee of fifty persons included representative physicians, public health workers, dentists, nurses, hospital and other institutional authorities, educators, economists, sociologists, and citizens long active in the general public welfare. It devoted itself to a five-year program of dispassionate study and investigation. It is significant that the committee worked, not during a period of economic depression, but during the heyday of a boom period. In the light of the facts brought out by the studies of its research staff, the committee's recommendations published in 1932 were extremely mild and conservative:

> I. . . . that medical service . . . should be furnished largely by organized groups. . . . Such groups should be organized, preferably, around a hospital. . . .
>
> II. . . . the extension of all basic public health services . . . so that they will be available to the entire population according to its needs.
>
> III. . . . that the costs of medical care be placed on a group payment basis, through the use of insurance, through the use of taxation, or through the use of both these methods.
>
> IV. . . . that the study, evaluation, and coördination of medical service be considered important functions for every state and local community. . . .
>
> V. . . . that the training of physicians give increasing emphasis to the teaching of health and the prevention of disease . . . that specialties be restricted to those specially qualified . . . that dental students be given a broader educational background. . . (etc.).

These mild proposals for voluntary action here and there, wherever groups of people wish to try it, were met by a storm of criticism in certain medical circles and the *Journal of the American Medical Association* referred editorially to this report as "socialism and communism—inciting to revolution"!

In 1933 little of any consequence occurred beyond the adoption of resolutions by medical and dental societies condemning the report of the committee and endorsing the (dissenting) minority report, despite the fact that a majority of all physicians on the committee and a majority of its private-practitioner members had signed the majority report. During 1933, the economic depression plumbed lower and lower social depths and the problems of medical care continued to become more and more acute for tens of millions of people.

In 1934 it became evident that progressive doctors and laymen were actually attempting to deal with their problems in many local areas. The American Medical Association formally adopted the policy of encouraging "controlled experimentation." The association's formal resolution of June 1934, which opposed the group payment of medical costs, was amended a year later to encourage voluntary experiments "under medical control."

In the meanwhile, there were two other important developments. First, the emergency programs of the federal government undertook to care for the depression poor and accepted medical care as one of the four necessities of life—along with food, clothing, and shelter. Simultaneously, state and local governments, as well as private charities which had already given generous support to the medical needs of the destitute, undertook vastly expanded programs of medical relief to supplement the federal relief. Second, President

Roosevelt committed the administration to a study of social insurance as a long-range program to furnish security and created the Committee on Economic Security. This committee undertook to study, among other subjects, health insurance. Thus were launched, under the first, a new and unprecedented system of medical care financed out of tax funds to enlarge the already existing practices of tax-supported medicine, and, under the second, a careful investigation of means to give the lower income classes security against sickness.

The emergency provision of public medical services involves a long story. There were unavoidable difficulties in the hurried creation of a vast machinery to care for more than twenty million people who found themselves without elementary necessities. Nevertheless, medical care was furnished these people, though of highly variable adequacy. The public accepted, as an unavoidable necessity, a large expansion of tax-supported medical care. The professions learned new lessons in the art of cooperating with government authorities in meeting a public need and accepted, on the whole, quite willingly the necessity of being practitioners of "state medicine" to the extent that they were being paid by public authorities instead of by patients. Furthermore, many learned that the quality of medical practice was determined more by the competence of the practitioners, their interest, and the extent to which they had time and occasion to give good service than by the method or amount of payment.

Since cash relief has given way to work relief, some of the medical relief has been abandoned. In the large cities, a vast amount remains and seems destined to remain for some time to come for those forms of care which are unusually expensive for people with small incomes and little or no reserves. Furthermore, there has been no substantial deflation of free institutional medical care; general and special hospitals, sanatoria and institutions for those afflicted with mental disease are still going full-blast as public or private institutions supported largely out of tax funds or the contributions of organized charities or of both. The hospitals are still laboring under the colossal task of giving free care, and as yet see little likelihood that their burdens will soon decline.

COMMITTEE ON ECONOMIC SECURITY

The work of the Committee on Economic Security cannot yet be fully evaluated, but deserves some description. Prior to June 1934, American students of health insurance had become convinced that any practical scheme which might be proposed must be designed primarily on a state-wide basis. The provision of service benefits (as distinguished from cash benefits) requires many adjustments of social insurance practice to the different needs and facilities of local areas. A plan for health insurance must therefore be flexible. The moving force in the establishment of health insurance may be federal rather than state or local, but the substance of a specific plan must allow for state and local needs. This was clear before June 1934, and—as we shall see—remained a fundamental element in the plans developed during 1934 and 1935.

In the executive order establishing the Committee on Economic Security, the President charged it to "study problems relating to the economic security of individuals." This was interpreted by the committee to embrace the study of sickness as one among a number of causes of insecurity. The committee's technical staff was first instructed to study health insurance as a method of furnishing protection against sickness. Preliminary analyses soon showed that this was too narrow an approach. Logically, the first step toward security against the effects of sickness is prevention. This enters the field of public health. Certain types of services for the sick are already accepted functions of government. In this area, the problem required study of the possibilities of expanding tax support for public institutions and public medical services rather than the substitution of insurance contributions for tax funds. Health insurance then remained as a technique to deal with wage-loss caused by sickness and with the costs of medical services other than those specifically covered by public health or other public (tax-supported) provisions. As actually carried forward, the studies of the committee's staff attempted to deal not merely with health insurance but with the whole broad problem of furnishing security against sickness.

ADVISORY COMMITTEE

An interesting and important development was the formal recognition of the rôle of the medical and the related professions in these studies. In an effort to avoid some mistakes which had been made in European countries, the committee's staff proposed the establishment of various professional committees to consult and advise with the staff, and the Committee on Economic Security created five such advisory committees—the public health, medical, dental, hospital, and nursing advisory committees. For the first time in the history of the subject, the professions were brought into the deliberations from the beginning.

The specific plans to improve the practice of public health and preventive medicine in the United States were approved by all advisory groups and by the Committee on Economic Security. Proposals for the expansion of public medical services and facilities required no new legislation and were referred to the proper executive authorities. The medical advisory committee asked for extension of time to study the proposals in respect to health insurance and this request was granted. Accordingly, the first report of the Committee on Economic Security to the President (January 15, 1935) included the following recommendation:

> As a first measure for meeting the very serious problem of sickness in families with low income we recommend a nation-wide preventive public-health program. It should be largely financed by state and local governments and administered by state and local health departments, the federal government to contribute financial and technical aid. The program contemplates (1) grants-in-aid to be allocated through state departments of health to local areas unable to finance public health programs from state and local resources, (2) direct aid to states in the development of state health services and the training of personnel for state and local health work, and (3) additional personnel in the United States Public Health Service to investigate health problems of interstate or national concern.

Under the social security act, Congress authorized the annual appropriation of $13,800,000[3] for federal public health services and grants-in-aid to the states for their public health activities.

The committee also said in its report to the President:

> The second major step we believe to be the application of the principles of insurance to this problem. We are not prepared at this time to make recommendations for a system of health insurance . . . We . . expect to make a further report on

---

[3] This included $8,000,000 for allotment to the states through the United States Public Health Service for state and local public health purposes, $3,800,000 through the United States Children's Bureau for maternal and child health, and $2,000,000 to the Public Health Service for research and additional personnel. In addition, there were authorizations for $2,850,000 for the care of crippled children and $1,500,000 for child welfare work.

> this subject. . . Elsewhere . . we state principles on which our study of health insurance is proceeding. . . .

Since the committee made this report to the President, it has received the report of its staff but, of course, too late for use in connection with the social security act. Public knowledge of the recommendations which the committee has to offer on additional measures for security against sickness must await the publication of further reports from the committee or from the Social Security Board, the permanent executive body established under the act.

THE PRESENT SITUATION

The general public is only too intimately familiar with insecurity arising out of illness but, on the whole, is not widely informed that there are ways of furnishing security against this risk. Because the economic consequences of sickness reach every family, the political implications of a program to furnish security against sickness are broad and deep. What policy the government will follow is not yet clear.

There are no important legal difficulties confronting public medicine. The legal issues in respect to a federal program for health insurance are unimportant, since the Committee on Economic Security proposed to follow the well established procedure of grants-in-aid to states as the basis of federal participation in a national program. The committee also suggested that the states should have broad latitude in choosing between public medicine and contributory insurance.

While waiting upon the clarification of federal plans, other events are moving rapidly. Legislative proposals are beginning to take form in the states. For example, the model bill for health insurance, sponsored last year by the American Association for Social Security, received considerable attention in many state legislatures and will presumably be submitted again.

Three elements internal to the present social insurance practice may be expected to force the consideration of health insurance in the near future.

1. Many people will probably soon discover that while the present social insurance program may furnish some protection against the long-range but infrequent risks of old age and unemployment, it does not deal with the common and frequent risks caused by illness. The social security act was passed in a period dominated by the threats of Townsendism and widespread unemployment. When these disappear (assuming they will) and the existing insurance measures tend to exorcise their spirits (as they may temporarily), the *current* risks to security will become relatively more pressing. Sickness as a cause of insecurity will then loom larger than it does at present. It will become necessary to supplement unemployment compensation for the healthy worker who has no job and has normal costs of living by unemployment compensation for the sick worker who has a job but cannot work at it and has unusually high expenses because of sickness.

2. There will probably be many persons who should be covered by the existing schemes but for whom contributions will not be paid, either for old age or for unemployment protection. There will be many causes operating to this end. Dealing with risks whose occurrence is, to many, seemingly unlikely or remote, many for whom the contributions *should* be paid will not exert the needed pressure to see that they *are* paid. Society generally, and governments in particular, will find themselves faced with burdens of which insurance was intended to relieve them.

3. There will probably soon develop serious misgivings over the large and diverse groups of people who are in need of insurance but who were not covered by the social security act, because of the technical difficulty of collecting contributions in their behalf. It will then be discovered that these problems of collecting contributions were largely avoided or

> circumvented in European schemes of social insurance by the simple device of combining such a scheme as old-age insurance, dealing with a remote risk, with health insurance, dealing with a proximate and recurring risk. There has apparently been no adequate realization in the United States of the rôle which health insurance and disability or invalidity insurance have played in bringing about the self-enforcement of other forms of compulsory social insurance in European countries through the linkage of required contributions.

It would be unsound to leave the impression that the absence of health insurance from the social security act is to be explained altogether upon unavoidable delays in the formulation of a program or upon indifference on the part of authorities. It is too well known that health insurance has been, administratively and financially, the most successful form of social insurance abroad; that it has been financially solvent even in periods of economic and social distress; that it does not involve the capitalization of the risk, and therefore presents no problems of investment and liquidation of large reserves; that more than any other form of social insurance it does not call for "new money" but chiefly for the pooling of existing expenditures, and that it depends less than any other upon help from tax funds or from employer contributions. Federal legislation could be drafted along well established legal lines in a short space of time. A fair description of the situation requires mention of the opposition to health insurance from certain spokesmen for the medical professions. It would be just as unsound to ignore this phase of the subject as to give it weight which it does not deserve.

"Organized medicine" (principally the American Medical Association) recorded first its opposition to all forms of insurance against medical costs and later to compulsory insurance. There is a curious paradox. The majority report of the Committee on the Costs of Medical Care, which had endorsed *voluntary* insurance, was strongly condemned by the association. The minority report of the committee, which had received the formal approval of the association, was not cordial to insurance in general but said:

> It seems clear, then, that if we must adopt in this country either of the methods tried out in Europe, the sensible and logical plan would be to adopt the method to which European countries have come through experience, that is, a compulsory plan under governmental control.

These inconsistencies are not consequential beside the fact that the association undertook an active program of opposing health insurance legislation and, itself or through its constituent societies and members, brought pressure to bear upon legislative and executive authorities in the federal and state governments.

Not all professional groups are opposed to health insurance. Many individual physicians and dentists, and many groups and societies, have become convinced that the *status quo* is unsatisfactory alike to the public and to the professions. They are prepared to follow sound leadership in finding newer and better ways of enabling people to budget against the costs of sickness. In addition, many associations of merchants and other business people and organizations like the American Federation of Labor are becoming increasingly interested in health insurance and may be expected to take definitive stands before long.

Although public medicine and health insurance are, in actual practice, not alternatives but supplements, there is a choice as to the extent to which each will be developed. Public medicine is already far developed in the United States and is an accomplished fact in many sectors of medical practice. Dr. Thomas Parran, Jr., the distinguished commissioner of health of New York State, points out, for example, that when less than one-sixth of the population were relief charges in his state in 1934, less than one-half the patients in general hospitals were paying patients.

> This situation arises from the fact that standards of indigency applicable to the giving of public relief are not applicable to the giving of public medical care. A man may be entirely self-supporting so far as furnishing himself and his family with food, shelter, and clothing, yet he may be unable to provide needed medical care for catastrophic illness.

Dr. Parran's conception of a sound plan of public medical service envisages tax-supported service for the lower income groups, embracing not general medical care for the usual short-term illness, but the expensive, "catastrophic" services with due regard to the particular diseases or conditions which are "endowed with a public interest." By this he refers to the communicability of the disease or its social importance, and to the practicability of reducing morbidity and mortality.

Tax funds must continue to pay for public health services, for the care of the tuberculous and the mentally diseased, and for the building of hospitals. Tax support of facilities for accurate diagnosis, for obstetrical care, home nursing and treatment of chronic diseases is a question of degree, for society must at least continue to care for those who are public charges. A real issue in this regard is not whether we shall have public medical service or shall not have it, but whether it will be continued as at present or will "be given as a matter of right at public expense for the lower economic groups without making it necessary for them to cheat or beg for it." In response to the criticism, so often advanced, about the "abuse" of free medical care, one may say with Dr. Parran: "I am less concerned about the admittedly small percentage of dispensary patients able to pay fees to a private physician than I am about the much larger number of sick people getting inadequate care."

It may be that in New York State, and in some other states with long traditions of competent public medical services, expansion of tax-supported medicine holds many advantages over health insurance. However, this can scarcely be said for some other states. In any case, the issue lies clearly between the growth of public medicine and the establishment of health insurance.

Nassau County Charter Passes Assembly.—The charter for Nassau County, New York (A. Int. 703, S. Int. 611), drafted under the terms of the Fearon county home rule amendment by the Nassau County Commission on Governmental Revision with the assistance of the Consultant Service of the National Municipal League (Thomas H. Reed, Director), passed the Assembly on February 24. It would establish an elective county executive and an executive budget, would transfer to the county the functions of assessment, health, welfare (including emergency relief), and planning, and would substitute a district court with seven judges for the justices of the peace.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Council-Manager Plan Developments.—A board of freeholders elected last April in Pomona, California, (population 20,804) decided recently to recommend the council-manager plan. A charter is being drafted for submission to the voters, according to the *News-Letter* of the International City Managers' Association. In Topeka, Kansas, (64,120) a citizens' council is studying the manager plan with a view toward its adoption. The Civic Association of Wilmington, Delaware, (106,597) has opened an educational campaign for the manager plan. In Jamestown, New York, (45,155) Mayor Samuel A. Carlson, upon resuming office this year, recommended the placing of administrative affairs, excepting municipal utilities, in charge of a city manager.

Harrington, Delaware, (1,812) on January 16 made effective a council-manager charter enacted by the 1934 state legislature and appointed a city manager. The Kentucky legislature recently passed an act enabling third class cities (8,000 to 20,000) to adopt the council-manager plan. In Columbus, Ohio, (290,564) according to the *Columbus Citizen* of February 22, "three days ago practically no sentiment in favor of such a reform (manager plan) existed. . . . Today it has grown to such proportions that a demand has been made for the creation of an organization to conduct a campaign." A manager charter has now been drafted and petitions are being circulated asking for a submission of the question on May 12. In Cedar Rapids, Iowa, (56,097) former Mayor Stepanek is strongly advocating the adoption of the manager plan.

Calais, Maine, (5,470) will vote on April 6 on the adoption of a charter enacted by the 1935 legislature; Racine, Wisconsin, (67,543) will vote on the adoption of a manager plan charter on April 7. A board of freeholders in El Cerrito, California, (3,870) have drafted a council-manager charter which will be submitted to the voters May 5.

Adverse decisions by state supreme courts will force two counties which recently adopted the manager plan to continue under their old charters. On March 3 the Nebraska supreme court declared the optional county manager law unconstitutional on the ground that all county officers must be elected. Douglas County had previously adopted the plan, to go into effect January 1, 1937. In Ohio the supreme court has declared that the charter recently adopted in Cuyahoga County vested municipal powers in the county and therefore needed a four-way majority for adoption. This the charter failed to receive.[1]

*

City Managers Name Coöperating Committee.—The International City Managers' Association has appointed twelve of its members to coöperate with four national engineering and management agencies, in fields allied to its own, as follows: the National Management Council, three members; the National Research Council, two members; the American Standards Association, two members; and the National Committee on Municipal Accounting, five members.

*

Long-term Rebuilding to Prevent Slums.—A neighborhood plan for the progressive reconstruction of dilapidated buildings over a term of many years is advocated by the Metropolitan Housing Council of Chicago as a means of avoiding reduction of property to a slum level.

---

[1] For further information on the decision regarding the Cuyahoga County charter see page 189 of the March issue of the REVIEW and page 245 of this issue.

When directed by a competent planning commission, the council's second annual report points out, the neighborhood plan may induce constructive municipal attention, such as recommendations for the vacation of unessential streets and alleys, to secure protection against nuisances, or to secure land for parks, playgrounds, or other community facilities. Also it might force owners of commercial or industrial properties to make improvements which would greatly enhance all property values in the neighborhood. The report states: "A long-term housing program *must* concern itself with more than the areas that have already reached the status of slums. It must concern itself with the forces that brought these slums into existence. It is not sensible to regard as one's only job the replacement of slums with good buildings, while one allows the causative factors to continue merrily at work creating new slums. A program must concern itself with the not-yet-slum areas, and even the land plan of the new subdivision, because both may have in them the factors which will result ultimately in slums."

*

Municipal Legal Information Service.—The New York State Conference of Mayors has inaugurated a new service whereby it is hoped to coördinate and make more effective municipal legal work. City and village legal advisors will be kept informed about legal proceedings and results in all municipalities, opinions of the attorney-general, administrative rulings of state departments, federal court decisions, federal administrative rulings, and any other pertinent legal data affecting municipalities in this and other states.

*

Proposals for Unicameral Legislatures.—Following the example of Nebraska, a proposed constitutional amendment for New Jersey has been introduced in the legislature by State Senator James I. Bowers, calling for a single-chamber legislature of not more than sixty members, to be elected by districts. Any county of population sufficient to entitle it to two or more members is to be divided into corresponding districts as nearly equal in population as may be, and of contiguous and compact territory. The federal census of citizens is to be the basis; and redistricting to correct inequalities in population shall not be more often than once in ten years.

A suggestion for a unicameral legislature for Michigan has been criticized by Arthur W. Bromage, professor of political science at the University of Michigan, as unsuited to a state like Michigan with its conflict between urban and rural interests.

A one-house legislature is likewise being considered in California, in connection with possible thorough-going revision of the state constitution.

In New York State Senator Thomas C. Desmond introduced a resolution in the senate calling for a joint legislative committee to study and investigate simplification and modernization of the legislature, with a single house as an important consideration, the committee to report by February 15, 1937.

*

Kentucky Governmental Reorganization.—A governmental reorganization plan for the executive branch of Kentucky's state government has been presented to the general assembly. Administrative functions and agencies are reduced from approximately one hundred to twenty-two, seven being constitutional, nine statutory, and six being continued as independent agencies. The basic change is concentration of authority and responsibility. Department heads, appointed by the governor and directly responsible to him, and having full charge of their respective departments, take the place of boards and commissions in most cases.

*

Conferences for Interstate Coöperation.—The first quarter of the current year has seen six gatherings of various state commissions on interstate coöperation, to discuss as many different subjects of interstate concern. In January the New York commission called a conference on highway safety in New York City, at which delegates from nine eastern states were present. Early in February the commissions of New York, New Jersey, and Pennsylvania held a joint hearing in New York City on interstate phases of milk control; representatives of producers, middlemen, and consumers met with the officials of the governors' committee on interstate milk relations, which acts for seven states in that region. Interstate commissions also participated during February in the interstate park conference and the interstate-international conservation conference, in New York City. In March New York, New Jersey, and Pennsylvania called a conference on relief of transients, bringing together in Trenton representatives of state public welfare departments and emergency relief organizations of the states east of the Mississippi, and of the federal government; and also an interstate stream pollution and water supply conference in Philadelphia.

The interstate sanitary commission, created in 1931 by New York, New Jersey, and Connecticut, has been given greater effectiveness by recent legislation in New York, in harmony with acts of the New Jersey legislature. The commission has the task of attempting to control pollution of the upper New Jersey coast, most of the shore line of Long Island, and the Hudson River up to Tarrytown. It cannot itself undertake construction projects, but can bring suit against any of the 103 communities in its territory which are negligent in preventing water pollution.

*

Michigan Personnel Study.—Governor Fitzgerald of Michigan has appointed a commission of five to draft a civil service law for the state. Professor James K. Pollock of the University of Michigan is the chairman. The other members are Lent D. Upson, Mrs. Siegel Judd, Haskell L. Nichols, and Edmund C. Shields. Public Administration Service has been retained by the commission to assemble facts as to the existing situation.

If adoption of the merit system results, Michigan will follow the example of ten other states, starting with New York in 1883, and including California, Colorado, Illinois, Maryland, Massachusetts, New Jersey, Ohio, Wisconsin, and Kansas. Kansas, however, is reported not to have appropriated funds for its civil service commission since 1919, three years after adoption of the system. According to G. Lyle Belsley, executive director of the Civil Service Assembly of the United States and Canada, public hearings held thus far in Michigan show an overwhelming sentiment in favor of the merit system. Citizens and voters are represented at these hearings, so that the people as well as political scientists may be considered as expressing this opinion.

*

Students Attend Washington Conference.—The National Institute of Governmental Affairs arranged a conference in Washington, D. C., from March 29 to April 4, for students from various colleges throughout the country, to include visits to sessions of Congress, congressional committees, and the Supreme Court, meetings with leading governmental officials, legislators, press correspondents, and lobbyists, and attendance at evening round-table discussions.

*

Housing Conference at Pennsylvania State College.—In line with the general and increasing interest in making effective provisions for low-cost housing, and to deal with the fact, pointed out in the preliminary report of the Pennsylvania State Planning Board, that in the last fifteen years relatively few dwellings have been built in that state for low-income groups, Pennsylvania State College has arranged a conference on low-cost housing to be held April 16-17. The program will emphasize the factors that may contribute to a reduction in the price of housing to the consumer.

*

New York State Mayors Discuss Municipal Utilities.—Some fifty city and village officials of New York State met with Mayor LaGuardia in the city hall of New York City on February 17-18, to discuss municipal utility legislation and problems. Aside from a program of talks the conference took up drafts of three bills to permit municipalities to issue revenue bonds for municipal electric plants and to establish power authorities. A committee was appointed to perfect the bills.

*

Rhode Island Defeats Constitutional Convention Proposal.—The special election in Rhode Island on March 10 on the question of holding a constitutional convention resulted in a defeat for the proposed reform. The towns in the southern part of the state, where Republican strength is concentrated and which feared loss of power in the legislature, were reported to have registered particularly heavy opposition to the proposal which resulted after the Democrats had finally taken control of the state government last year.

*

City Managers Appoint Career Service Committee.—A permanent committee of the International City Managers' Association will study ways and means of improving the quality of local government employees through selection and training. Called the Committee on Career Service, it aims at the creation of "a genuine municipal career service throughout the country." One objective of the study is the clarification of the special personnel problems of local governments and an analysis of obstacles to the establishment of a career service, as the Commission of Inquiry on Public Service Personnel has done for government in general.

Subjects included in the study are preparatory education for municipal administration, training while in service, restriction of jobs to local residents, state-wide retirement systems for municipal employees and for administrators in particular, standards for the appointment of department heads, and salary standards.

University professors and experts in civil service, as well as city managers, are serving on the committee.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New Jersey—Clearing Way for County Managers.— The outstanding success of municipal manager government in Teaneck Township, New Jersey, where it was adopted in 1930, and in other New Jersey municipalities which were encouraged to adopt it because of its success in Teaneck, has given impetus to a movement in favor of legislation that, if enacted, will permit New Jersey counties by referendum vote to adopt county manager government. A bill to that effect has been introduced by Senator Winant Van Winkle, member of the senate for Bergen County.

The bill, which was drafted by Township Attorney Donald M. Waesche, Major Milton G. Votee, and Councilmen Louis G. Morten and Samuel S. Paquin of Teaneck, in collaboration, provides in general that counties adopting its provisions by referendum vote shall derive benefits similar to those enjoyed by municipalities that avail themselves of the New Jersey municipal manager act, which was enacted in 1923, namely, complete freedom from partisan control, and efficiency and economy in government through administration by a county council and a county manager.

Under the proposed law, any county adopting its provisions by referendum vote would proceed to elect county councilmen on a ticket carrying no party designations. Nine would be elected in counties with more than 500,000 population, seven in counties with a population between 150,000 and 500,000, and five in counties with less than 150,000 people, all councilmen to be elected at large and to hold office four years.

In any county adopting the provisions of this county manager act, upon taking office the county council and county manager would assume "all the powers and authority delegated to, exercised or performed by or conferred upon the board of freeholders, sheriff, surrogate, county clerk, coroner, and register" of such county.

This would enable the county manager, acting under direction of the county council as the policy-determining body, to consolidate or eliminate departments, commissions, or other special county agencies, in any way that in his judgment would eliminate waste or duplication of effort and promote efficiency and economy.

What the fate of the bill in the New Jersey legislature may be cannot be forecast, but its introduction is another evidence that taxpayers are becoming aroused and taking measures to safeguard their governmental interests.

Samuel S. Paquin

*

Massachusetts—Consolidation Proposed in Boston Metropolitan Area.—The mayor of Boston has petitioned the Massachusetts legislature (1) to create a special commission to study the general subject of county government in that state; (2) to appoint a commission to study the desirability of re-establishing the boundary lines of Suffolk County, and the possible detachment of the town of Winthrop and the cities of Chelsea and Revere; and (3) to establish a commission to study the desirability of creating a Greater Boston, by incorporating Boston and the forty-three cities and towns of the metropolitan district into one municipal government.

*

Washington—County Consolidation Proposed.—A bulletin recently published by the University of Washington proposes the consolidation of the state's thirty-nine counties into twelve districts. The report, which is the work of Professor Selden C. Menefee, is the result of a research project undertaken a year ago at the request of the state planning commission. According to Mr. Menefee's plan, the Seattle district would include the counties of King and Kitsap; Tacoma would be limited to Pierce County only; the Everett district would include the counties of Island and Snohomish; Olympia would include Mason, Thurston, and Lewis Counties.

*

Wisconsin—The Power District Movement.—The formation of the first public electric power district, described in this column in October 1935, has given impetus to similar movements in other parts of the state. The city council of Racine recently petitioned the state public service commission to survey the surrounding area with a view to determining what localities might be advantageously combined to form a power district. The plan includes two other municipalities, Kenosha and Burlington, as well as rural units.

In January similar action was taken in Lincoln County, located in the cut-over area of the north, when a group of citizens petitioned the public service commission to call a referendum upon the question of forming a power district. The planned area in this case includes two cities and fourteen towns. The commission must pass upon the feasibility of the plan within ninety days.

Lee S. Greene

University of Wisconsin

*

Tennessee—Supreme Court Invalidates Anti-fee Law.— The battle to rid Hamilton County and the state of "fee-grabbing" in the offices of justices of the peace, now begins all over again. The state supreme court invalidated special acts of the 1935 legislature that affected Hamilton, Washington, and Unicoi Counties apparently on technical grounds.

In the decision Mr. Justice Cook held: (1) that the legislature could not, in creating a special court for a particular county, or by transferring jurisdiction from one court to another, prescribe a jurisdiction by which citizens in the limited jurisdiction would be deprived of the right of jury trial, to do this would be to subject citizens of one county to judicial process contrary to the fundamental law; (2) on the other hand, the alleged abuses in the fee system of Hamilton County "could be corrected by the creation of inferior courts of appropriate jurisdiction without the necessity of either the legislative or judicial departments of the state ignoring or transcending the fundamental law"; (3) "possession of the office of justice of the peace *is not attended by any vested right to expectant fees*. (Italics mine.) No provision of the fundamental law clothes justices of the peace with jurisdictional power or the right to try cases. Their jurisdiction is statutory, and the justice of the peace is entitled to fees only when allowed by statute. If the official duties by which fees result should be transferred to another tribunal so that no service is required and none can be performed, no personal right is affected and no property right is impaired."

City-County Consolidation Proposed.—At the installation of officers of the Chattanooga Chamber of Commerce, one of the major projects for 1936 was to merge the city and county governments. It was asserted that duplication of services by the two local units was "absurd," and a saving of from $300,000 to $400,000 could be effected through a merger. This project has been urged for several years by one or another of the various civic groups and individuals, but nothing tangible has been done.

Counties Coöperate with the TVA.—Even before the recent U. S. Supreme Court decision upholding the TVA right to generate and dispose of "surplus electric power," more than a score of the quarterly county courts had taken action granting permission of the TVA to erect power lines for the ultimate operation of rural electrification loops. The action taken reveals a disposition on the part of rural people to take advantage of every opportunity to get cheap power, despite some efforts on the part of private companies to build "spite lines" in the same territory. The advent of rural electrification depends ultimately upon the amount of federal appropriations for TVA and REA and the further construction of dams, power houses, and transmission lines.

County and Regional Planning and Zoning Begins.—Pursuant to a legislative act passed last year, under the skillful guidance of local supporters of TVA, and with the coöperation of the Authority's land planning division, Hamilton County has created a regional planning commission, adopted a zoning ordinance, and set hearings thereon with the view to control land-use around the new Chickamauga Dam site, and check the growth of honky-tonks, vice dens, and real estate racketeering within the area under its jurisdiction. The commission has enlisted the coöperation of the existing city planning board to aid its efforts within the boundaries of the municipal corporation. The efforts of this commission and the response to the rather mild regulations now envisaged will be watched with interest by those who hope for better social control of land use. If there is one thing that Dr. A. E. Morgan, chairman of the TVA board, has done to earn the gratitude of the people of the valley it is his determination that unconscionable real estate speculation shall not accompany the building of the dams on the Tennessee River and its tributaries. It is hoped that the Hamilton County board will be armed not only with the necessary legal implements, but also with the public opinion that must accompany the successful operation of its plans.

Frank W. Prescott
University of Chattanooga

*

Nebraska—Optional County Manager Act Unconstitutional.—On March 3 the supreme court of Nebraska declared unconstitutional the state's optional county manager law on the ground that all county officers must be elected. This decision reversed that of the lower court, holding the manager plan constitutional, reported in the March issue of the Review (page 189). Douglas County, containing the city of Omaha, which had adopted the plan in November 1934 by a substantial majority, had expected to begin operation under it on January 1, 1937.

*

North Carolina—Counties Save through Transfer of Functions.—The effect of the state's taking over of the schools and roads on local budgets is well illustrated in the case of New Hanover County, containing the city of Wilmington. In 1929 the revenues of this county amounted to $824,336 and the expenditures to $832,570. In 1935 the revenues were $431,497 and the expenditures, $392,892. In the earlier year $422,512 was expended for schools and $72,403 for roads. In 1935 the county's contribution to school support was $53,121 and to roads nothing.

In 1929 property taxes contributed $795,452 of the county revenue and in 1935 only $376,791. Because of a shrinkage from other sources the proportion of the total income derived from property taxes has shown little change, being 90 per cent in 1929 and 87 per cent in 1935. The present tax rate in New Hanover County is 65 cents on one hundred dollars of assessed value.

The average tax rate in sixty-four North Carolina counties this year is $1.06 per hundred dollars of assessed value compared to $1.02 in 1934-35. Thirteen of the sixty-four counties effected reductions, twenty-three retained their last year's rate, and twenty-eight made an increase. The decreases were due mainly to better collections and lighter bond maturities. The increases were due to enlarged relief and welfare demands, heavier debt maturities, the addition or expansion of health services, and the construction and repair of school buildings.

The rates are heavier in the rural counties than in the counties containing towns and cities. The average current rate in six counties containing over 60,000 people is 71 cents; in fifteen counties containing 40,000 to 60,000 population, 96 cents; in twenty-eight counties containing 20,000 to 40,000 people, $1.09; and in eighteen counties containing less than 20,000 population, $1.23.

The rates cited are county-wide rates, whereas parts of many counties are subject to additional district taxes, these local levies being mainly to retire existing road or school debt. These local levies are in most cases nominal, so that the total tax rate on rural property in North Carolina is very moderate. —Adapted from *Popular Government,* published by The Institute of Government, Chapel Hill, N. C.

*

Texas—Abolition of Fee System.—A special session of the Texas legislature, which adjourned in November 1935, passed three acts of significance to counties in this state. All were enacted pursuant to constitutional amendments which were adopted in August 1935.

The most important of these laws from the standpoint of county government is the one fixing the compensation of certain local officials. Texas, like many other states, has long employed a fee system as a method of compensating practically all local officials. For many years the viciousness of this system escaped public attention. Varied fees were paid for numberless activities, and the complicated nature of the system often allowed officials to violate regulatory laws with impunity. After the report of a legislative investigating committee in 1930, the legislature for several years and with very little success consumed much valuable time in attempting to set maximum limits to the amounts that might be retained by local officers. Finally, in a special election in August 1935, the voters, after having rejected a similar amendment at the general election in 1934, approved a constitutional amendment abolishing the fee system as a method of compensation for all district officers in the state and for all county officers in counties having a population of 20,000 or more according to the last federal census, and giving to the commissioners' court in counties of less population the power to determine whether county officials were to be compensated "on a fee basis or on a salary basis." In all counties regardless of population the court was to determine this question for precinct officers. Notaries public, county surveyors, and public weighers, by specific exception, are to continue on a fee basis. Furthermore, the legislature is directed "to enact such legislation as will be necessary to adequately compensate, on a salary basis," the officials covered by the amendment.

Although some pressure was brought by county officials upon the legislature in an attempt to force that body to set specific salaries, the law as finally enacted placed this responsibility upon the governing organ of the county, the commissioners' court, the members of which with the exception of the county judge receive salaries fixed by other laws. This act makes it the duty of the county commissioners' court, at its first regular meeting in January of each year, to determine whether precinct officers (except public weighers and registrars of vital statistics) shall be compensated on a salary or fee basis; and in counties of less than 20,000 population the court must determine such question for county officers. In counties having a population of 20,000 or more and less than 190,000, the commissioners' court is authorized to fix the salaries of officials enumerated in the act at a sum not less than the total compensation earned by each one "in his official capacity for the fiscal year 1935" and not more than the maximum allowed such official under all laws regulating fees which were in force at the time of the adoption of the amendment. In counties of 190,000 population or more, definite salaries are prescribed in the law for the most important county officials, with maximum salaries stated for others. The maximum compensation which may be paid to deputies, assistants and clerks is likewise stated in some detail, and control over the number of such employees is generally vested in the commissioners' court. All duties required by law are to be performed for the compensation allowed, and all fees and commissions collected by the various officials pursuant to law, and formerly retained by them, are to be paid into a county salary fund or funds. Appropriations made available for fee purposes by the legislature are to be apportioned among the counties for the benefit of the salary funds on the basis of population, but such annual apportionment, with one exception, cannot exceed fourteen cents per capita.

Liquor Control Act.—The Liquor Control act, which regulates in detail the sale of "liquors" containing more than 4 per cent of alcohol by weight, and beer, reserves to counties, justice precincts, incorporated towns, and cities, according to the constitutional mandate, the right of local option. It is made the duty of the commissioners' court of the county, either upon its own motion or upon the petition of a certain percentage of the qualified voters within the enumerated district (based upon the votes for governor at the last preceding election), to order and conduct an election therein. Because of the territorial overlapping of the districts mentioned, considerable confusion has arisen as to what areas are legally "wet" and "dry." Liquor permits are granted by the state agency, but beer permits may be obtained locally. Proceedings to revoke the permit of any holder for violating any provisions of the statute, may be instituted locally by certain designated local officers. Counties and cities are given permission to levy a fee not exceeding one-half of the state fee for each permit granted to a person domiciled within its jurisdiction, but no other fee or tax is permitted, except the "general ad valorem taxes on the property" of such persons.

Old-Age Assistance.—The act providing for old age pensions gives to the old-age assistance commission full power "to provide such method of local administration in the various counties and districts of Texas as it deems advisable," with the express limitation that the personnel of the local administrative agency must have been residents of the particular county or district where employed for a period of at least four years preceding their employment. Assistance benefits will become due and payable not later than July 1, 1936. A special fund is set up in the treasury from which such payments are to be made, and if this fund is insufficient to make full payments contemplated by the law, the amount is prorated among the successful applicants. Rigid qualifications are prescribed for those who are to receive aid, with the total amount from state funds not to exceed $15 a month, and the maximum amount granted to each individual limited to $30 a month, including income of the applicant from all other sources and from state and federal grants. Furthermore, the act provides that the assistance granted "shall be granted in such amounts as will provide a reasonable subsistence in keeping with the accustomed standard of living of the applicant." This latter provision was inspired by the presence of a rather large Mexican and negro population in Texas. The extent to which this legislation will aid localities in caring for a significant group of unemployables cannot be predicted because of the uncertainty as to the number that can qualify under the law, and because of the failure of the legislature to agree upon a tax program which would put money into the pension fund. The only tax money coming into the fund at present is a portion of the proceeds derived from the recently enacted liquor tax.

J. Alton Burdine

University of Texas

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Professor to Serve as Chairman of Kentucky Tax Commission.—Dr. James W. Martin, professor of economics at the University of Kentucky, and director of the Bureau of Business Research, has been appointed chairman of the State Tax Commission by Governor A. B. Chandler. He will be granted leave from the university to serve the state.

Dr. Martin is an authority on taxation problems and was research director of the Interstate Commission on Conflicting Taxation in 1934-35. He is the editor of the status division of "Tax Systems of the World," annual publication issued by the Commerce Clearing House, and is president of the Southern Economic Association.

*

Ohio One Per Cent Law Hits Cities.—From Ohio, where cities are faced this year with reduced revenues because of the reduction of the tax limitation law from the famous 1½ per cent limit to 1 per cent, come added indications of the distressing conditions in cities and counties forced by the new measure.

Greater Cleveland, published by the Cleveland Citizens League, devoted an entire issue recently to an appeal for approval by the voters of an emergency seven-mill tax levy. Funds for ordinary governmental functions, interest requirements and payment of part (not all) of the maturities, and a balanced budget were results hoped for by passage of the levy.

The Toledo City Journal, published by the Commission of Publicity and Efficiency, looks with sad eye at a tax rate of $20.00 per thousand, the lowest for the city in sixteen years. The deficit will be considerable, and will be shared by Toledo and Lucas County. In neither Cleveland nor Toledo will state aid from the new sales tax meet the deficiencies caused by the limitation, and the situation is paralleled elsewhere in the state.

*

Sound Advice on Borrowing.—We cannot help quoting a few sentences from the closing sections of a little bulletin issued by the Taxpayers' Association of the city of New Bedford, Massachusetts, regarding the city's bonded debt policy. Here they are:

"It is true that outside of the money borrowed for permanent improvement, we are paying off more loans than we are issuing and the total debt therefore will show little, if any, increase. We are, however, paying off long-term loans representing permanent improvements and we are acquiring a debt composed of short-term loans borrowed for operating expenses. The result will be that a larger and larger part of our debt will be composed of this borrowing for current expenses which must be continuously renewed if we are going to spend the same amount of money with the same valuation and the same tax rate.

"Not until the city of New Bedford can more nearly meet its current expenses from current revenues, i.e., by not borrowing for operating expenses, should any new expense be considered and old expenses should be closely examined with an eye to reduction."

*

From Oregon comes word of a county which collected more taxes last year than it levied. Clatsop County levied $1,254,000, and collections totaled 23 per cent more. The answer, of course, is found in accrued tax delinquencies. More was collected on delinquent levies than on the current levy, the latter being only 56.47 per cent collected during the year.

*

New Jersey's gasoline tax collections reached a new high in 1935, according to reports just announced by the state tax department. The tax, which brought in $16,473,000 in 1933 and $17,099,000 in 1934, netted some $18,557,000, after refunds to certain classes of motor vehicle owners who are exempt from the levy.

"Let's produce a rationally planned highway system," says the Kentucky Municipal League in pleading for better information on which to base the expenditure of some twelve million dollars highway revenue, averaging $36.00 per registered motor vehicle for 1935. The league believes "that a fixed portion of the gasoline tax revenue should be used for systematic improvement and upkeep of those (city) streets that are continuations of state roads."

*

Recent newspaper notes carry the announcement that the parking meters recently installed in Dallas have paid for themselves in four months. Prospective revenue for other city coffers?

*

Pay-your-taxes campaigns come to the fore again. Cook County, Illinois, comprising Chicago and its suburbs, has appropriated $20,000 for an advertising campaign to stimulate payment of taxes.

*

The Supreme Court of Pennsylvania, Eastern District, recently held that the city of Philadelphia must keep a separate sinking fund for each issue of bonds. Pooling of all sinking funds in one is held to be illegal. Protection of long outstanding loans with sinking fund accumulations nearing maturity is the object. The cumbersome procedure involved is another argument for serial bonds.

*

The cause of reduced local taxation takes off its hat this year to governmental research, just turned thirty years old. Importance of the movement is readily indicated by the fact that the bulk of the local statistics used here, or in any other general study of local taxation, are originally compiled or collated in some research bureau.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

The Fight Is On in Cincinnati.—Republican organization workers have secured and filed sufficient signatures to force a referendum on the repeal of P. R. in Cincinnati at the spring primaries, May 12. Ever since the first P. R. election ended the long reign of the Cox-Hynicka machine back in 1925, the hostility of the organization to P. R. has been no secret, but because of the great popularity of the new regime the expected attempt at repeal was not forthcoming. The failure of the independent City Charter Committee to win a clear majority of the councilmen last fall and the consequent necessity of working out an agreement with an unattached independent before the new council could organize, with a certain amount of attendant popular dissatisfaction, gave the Republican regulars at last what they regarded as a favorable opportunity to attack. The City Charter Committee and other friends of true representative government are rallying to the charter's defense.

Such attacks on P. R. by political forces which have lost special privileges because of it have been the rule rather than the exception in the American experience with P. R., but most of the attacks have been repulsed. The repeal of P. R. was voted on as a separate issue twice in Cleveland, three times in Hamilton, twice in Boulder, and twice in Ashtabula. In all of these referenda except the last in Ashtabula P. R. was sustained. The repeal of both P. R and the city manager plan in a single combined question was also voted on five times in Cleveland (two proposals were defeated at the same election at which the second separate attack on P. R. was voted down), once in Boulder, once in Ashtabula, and once in Toledo. Of these attacks only the last one in Cleveland was successful.

*

Cuyahoga County Must Try Again.—As announced on page 189 of last month's issue, the 18,000 majority for P. R. and the county manager plan recorded last fall in Cuyahoga County, which includes the city of Cleveland, has been set aside by the courts. The Supreme Court of Ohio held that even such new powers granted the county in the new charter as those to enact ordinances and to use the initiative and referendum were assumptions of municipal functions, even though the charter commission had been at great pains not to take any powers away from municipalities, and therefore the charter required for passage not only the majority in the county and in the largest city (Cleveland) which it received, but also in the county outside the largest city and in a majority of the municipalities. The court's decision will make it impossible to adopt any very useful county charter in Ohio without getting the four-way majorities required for county assumption of municipal functions.

This decision puts a stop to plans for what would have been the largest P. R. election so far held in this country, the election of eight county councilmen from Cuyahoga County at large at the November election.

Mayor Harold H. Burton of Cleveland, who was chairman of the commission that submitted the county charter, has suggested that the same document be submitted again with a more determined attempt to carry the small municipalities.

The Cleveland Citizens' League has proposed that a new charter commission be voted on at the fall election and that if authorized it proceed to draft a charter which will keep the good points of the first commission's charter and add a bold reorganization of municipal functions within the county which might offset considerations of local pride in the small units with the promise of large savings to the taxpayers.

*

P. R. Activity in Australia.—The P. R. Society of Victoria has recently been revived and reorganized to work with the active societies in New South Wales and South Australia for the spread of P. R. throughout the commonwealth of Australia. At present the Hare system of P. R. is used for the legislature of Tasmania (since 1907), for the upper house of the legislature of New South Wales (indirect election), and for the municipal council of Armidale, New South Wales. The two houses of the commonwealth parliament are also elected by preferential voting, but with no provision for representation of minorities, with the result that grave distortions have been common in the representation of the three major parties. In October a public meeting was convened in the town hall at Sydney by the acting Lord Mayor to give a hearing to the demand for P. R. for the Sydney city council as presented by twenty-four civic organizations and leading citizens.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Department of Municipal Research & Service of the City of Louisville, Kentucky.—This unit of the city government was established to carry forward activities previously performed by the department of audit and survey, and to perform such additional duties as would assist the city administration to function with the benefit of adequate information on the various problems with which it is confronted. Research is not the sole function of the unit. Many of its activities are really matters of service. A great number of minor problems, particularly those involving more than one department, have naturally come to this unit.

Some members of the staff participated actively in the preparation of budgets for several city departments and commissions. The unit was represented at all budget hearings, and then assumed the responsibility for publishing a folder, "The Taxpayer's Dollar," which explained the major budgetary problems. This folder was enclosed with the tax bills.

The mayor's yearbook, now nearly complete, represents the first attempt to give to the citizens of Louisville an attractive report of the activities of their government. Much information about municipal affairs has been given to students of the local university and the public schools. Through a series of broadcasts sponsored by the Junior Board of Trade further publicity is being given to activities of the city departments and outside agencies. Fortunately, the city administration has a very sympathetic press.

The members of the staff give much of their time to assisting various departments and agencies in such matters as the installation of reorganization plans, preparation of reports, revision of codes, preparation of ordinances, and selection of personnel. Recently the city submitted to the Kentucky legislature a bill to make permissive the use of a merit system in the department of health and the department of welfare. Another important bill presented within the past few days proposed reorganization of city and county government. This bill will require a constitutional amendment.

Louisville is now engaged in rate controversies involving telephones, gas, and electricity. Recently there has been some agitation about street car rates and services. Water rates and the operation of the waterworks, owned by the city, are other utility matters which the research department has under consideration at the present time.

As one step in the preparation of a new license ordinance, tax rates levied on a large number of businesses were secured from about forty cities comparable in size with Louisville. The returns were tabulated and summaries were sent to coöperating cities.

In an attempt to arrive at an equitable assessment of railroad properties, a compilation was made of units and costs as recorded in the home offices and as submitted to the state tax commission. The taxable value of pullman cars and tank cars in the Louisville yards was also investigated.

One member of the staff devoted considerable time to engineering phases of traffic. The research department does not carry on the routine work incident to traffic regulations, but does serve in an advisory capacity and conducts extended studies.

Some other activities with which this unit has either assisted or taken a leading part are: Setting up a plan for messenger, duplicating, and mailing service, studying the operation of the centralized transportation system, revising the code book for the department of finance, preparing the financial report for the city, setting up a plan for positive control of public works expenditures, preparing a plan and publishing a statement covering control of work on private drains, planning punch card forms for the bureau of vital statistics and for the department of health, making studies incident to revision of the existing salary ordinance, and establishing central stores control.

There were, in addition, many short studies which furnished information for the board of aldermen, interested citizens, officials of other cities, and research bureaus.

In-service training and other forms of educational activities for municipal employees have been undertaken but have not developed far enough to form any established system. In this work the city is coöperating with the University of Louisville. The city library is assisting in the establishment of a reference library which will make readily available not only the research materials housed in the city hall but also the resources of all other collections in Louisville and in other libraries with which connections are maintained.

*

San Francisco Bureau of Governmental Research.—In a folder prepared for use in a membership campaign recent Bureau activities are summarized in part as follows:

Since 1931 the Bureau has organized and furnished all fact-data and statistical information to various groups composing a Citizens' City Budget Committee whose work during this period has contributed materially to budget reductions.

It is difficult to appraise the effect of the new charter—a direct result of years of Bureau effort—on the cost of local government. It is estimated that the charter has effected a tax saving and budget reduction of more than $1,200,000 per year, or about 14c on the current tax rate. The executive form of budget and improved fiscal administration provided by the new charter have unquestionably resulted in other large savings, although these, being intangible, cannot be estimated. The former annual deficits—due to spending next year's revenue for this year's obligations—have been eliminated by provisions of the charter. These formerly averaged about $300,000 per year. Their elimination can be considered a saving to the taxpayers, equivalent to about 4c on the tax rate.

In November 1933, a $6,308,000 bond issue for a partial power distribution system designed to distribute the output of the proposed Red Mountain Bar Power House was placed on the ballot. The Bureau's lengthy studies, and the facts developed thereby, were used to inform the voters of the issues involved, resulting in the defeat of the bond issue.

The Bureau, on the basis of detailed study in each case, opposed various other unsound bond issue proposals. Among these were seven of the thirteen PWA proposals in 1933 and a proposed school bond issue with excessively long maturities. The defeat of the latter proposal led to a $3,000,000 bond issue for school construction in December 1933, with a ten-year maturity, which was approved by the voters.

The Bureau's detailed analysis of the May 1935 proposed charter amendment, to authorize the issuance of revenue bonds for any utility project by a bare majority vote, furnished the basis for widespread opposition to this measure by various organizations and citizens. The Bureau's report showed the wide discrepancies between *official* estimates of costs and revenues, and *actual* costs and revenues, for such projects as the Hetch Hetchy Water construction, proposed Market Street Railway purchase, and proposed Pacific Gas & Electric system purchase. It stressed the speculative character of such estimates, as a basis for revenue bond financing, with the strong probability of future default, injury to the city's credit, etc. The widespread use of the facts and figures developed by the Bureau contributed materially to the decisive defeat of this measure.

The Bureau in August 1934 prepared and submitted all necessary data to officials relative to an excess of $1,800,000 in the 1934-35 budget over and above the 5 per cent limit set up by the Riley-Stewart Act. City officials denied that such excess existed, and therefore refused to make the necessary cuts. They requested the Bureau to take the matter to court to clear the situation. The Bureau instituted a taxpayers' suit and won a favorable decision from the supreme court which ordered a reduction of about 25c in the tax rate. This was partially nullified, however, by the supervisors and the mayor appealing to the state board of equalization, which allowed part of the excess and ordered a reduction of about $750,000, resulting in a net saving to the taxpayers of 10c on the 1934-35 tax rate.

The Bureau for years has maintained a continuing study of municipal salaries as compared with salaries paid in private employment and by other cities, in an effort to standardize municipal salaries. From 1927 to 1930 the Bureau staff coöperated with the civil service commission in the job-study and classification of thousands of municipal positions, and the proposal of standard salaries therefor. During the depression several comprehensive attempts were made to bring the municipal payroll to something like parity with normal pay rates in private employment. The Bureau coöperated with city officials in preparing and securing the adoption of a charter amendment, under which two years of temporary salary deductions were maintained.

The Bureau maintains a number of activities, important in nature and results, of a "continuing" or annually recurring type. These include analyses of appropriations, municipal railway and water department financial results, and the city's bonded debt; comparisons of tax rates; tabulation of trends of municipal salaries; scrutiny of civil service activities; analysis and recommendations on current legislation proposed by supervisors; attendance at important official meetings, etc.

*

Chicago Civic Federation and Bureau of Public Efficiency.—During the past twelve months the chief activities of the Civic Federation and Bureau of Public Efficiency have included:

Constant attendance at the regular 1935 session of the Illinois general assembly. During the session a series of bulletins analyzing various pending measures which affected taxation and public finance were prepared and presented to the legislators and the public, resulting in a saving to property of over $3.50 per $1000 assessed value in Chicago, and $7.95 per $1000 in other large Illinois municipalities.

Publication of second annual statement, "Taxes—Assessments—Funded Debts," including in connection therewith a discussion of the then proposed plan of refunding bonds of the various local governments, with tables showing the principal and interest maturities throughout the life of bonds then outstanding. This report was supplemented with similar studies in detail for each of the governments of Cook County.

Criticism of plan for operation of "exposition authorities" in Chicago parks with the result that the proposals were materially improved, though not enough to merit the Bureau's endorsement.

Several advance estimates of 1934 tax rates based on shifts in underlying factors, and warnings of sharp increases to come in property tax bills for the year of 1935, and still more severe increases for the year 1936.

Aid in the passage of a comprehensive civil service law covering the employees of the sanitary district of Chicago.

Analysis of the preliminary budgets of the city of Chicago, Cook County, the Chicago board of education, and the Chicago park district, and presentation of recommendations at the public budget hearings of these bodies.

Publication of a detailed survey of the revenues and expenditures of Cook County with some comparisons going back as far as 1913.

Coöperation with the Cook County commissioners in the special session of the Illinois general assembly in having the entire administrative burden of mothers' pensions placed upon the state instead of being borne half by the county, and in having the three-cent tax rate for mothers' pensions including within the county corporate rate after 1936, as it had been prior to July 1, 1935.

The Federation and Bureau will soon issue its third annual study of "Taxes—Assessments—Debts." It is revamping its "persistence" records of funded public debt to meet the changes in the situation created by the general refunding programs now under way in the sanitary district, the Chicago park district, Cook County, and the forest preserve of Cook County, and is planning a series of studies relative to the financial condition of the various funds of the several major governing units of the Chicago area.

*

Boston Bureau of Municipal Research.—During the past twelve months important work has been done in connection with both state and local PWA programs. Two extended reports were issued emphasizing that neither the state nor the city could afford the large programs which had been urged and giving relevant material. Whatever may have been the Bureau's part in securing reductions, both the governor's $35,000,000 program and the mayor's $13,000,000 program were each cut by about two-thirds. In addition, quiet Bureau work helped kill an ill-advised project to raze Boston's elevated structure which would have involved an expenditure of $22,000,000.

Early in 1935 the Bureau submitted to the legislative committee on municipal finance an extended report relative to increases which had been requested in school and city tax limits. The committee held many meetings in a struggle to reach a decision in the light of the adequate facts made available for the first time. As a result, the legislative committee successfully urged the setting up of a special commission to study the advisability of applying the municipal finance act of Massachusetts to the city of Boston. This act of

1913 has been in successful operation in every city and town except Boston. At that time tax limits were abolished and responsibility definitely placed on local authorities. By request of the recess commission, the Bureau first presented oral views and followed them up with a major report favoring abolition of Boston's city tax limits, the fixing of an appropriation limit for the schools with increases only being permitted if the mayor approves, strengthening of the pay-as-you-go principle with relation to future debt, and better budgetary control.

Late last December the recess commission rendered its report patterned in many ways on Bureau recommendations. That report is now being considered by the committee on municipal finance which will make recommendations to the general court now in session. Recently the Bureau issued a supplementary report amplifying those of its earlier recommendations which have not yet been accepted.

Boston has particularly large welfare expenditures as compared with many other cities, primarily because of the relatively small amount of federal aid which it has received. Since late 1934 the Bureau has been urging in various ways an increase in the amount of federal aid. In addition to various public statements, the secretary participated in two conferences with important officials in Washington. As a result of this work, a leading local newspaper gives the Bureau most of the credit for obtaining an additional total of $5,000,000 of federal aid since it took the lead on this question.

Regular bulletins have been issued discussing such subjects as traffic tunnel tolls; better motor excise tax collections; economies in the fire, police, and school departments; per capita costs; and departmental consolidations.

Newspaper publicity has been excellent. Since the beginning of 1935 the Bureau has been consulted on 107 occasions by newspaper men from every local newspaper, and twenty editorials have appeared discussing Bureau recommendations. The staff has made about a dozen speeches before as many important organizations.

In the radio field, the secretary was asked to give four fifteen-minute broadcasts over the largest local station, WBZ-WBZA; one fifteen-minute broadcast over Station WAAB; and has just concluded the first three short broadcasts of a series to be given over the latter station as part of its regular daily news program.

*

Municipal League of Seattle.—During the past two years the League has worked to give its members and the public facts regarding the operation of the city manager plan in other cities. The value of proportional representation as a method of selecting municipal officers has been emphasized and last year the League conducted its own election on this plan in order to acquaint members with its operation.

Last year an exhaustive study of the Seattle municipal power and light system was completed. This study was published in pamphlet form for general distribution.

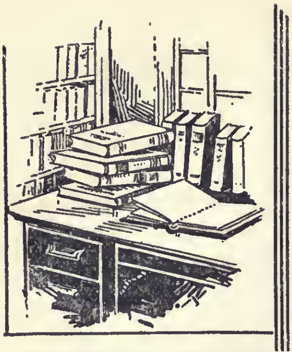
An effort has been made to improve the Seattle *Municipal News,* the publicity organ for the League, and it has been increased from a four-page to an eight-page newspaper. The fact that it has had a continued existence of twenty-five years gives it a high place among publications in the city. While it is the official organ of the Municipal League of Seattle, it also classifies as a general newspaper and is self-supporting by means of the legal advertising which it carries.

The League has continued to publish information regarding candidates for municipal offices, a service very much appreciated by the voters of the city. The nonpartisan and disinterested character of these reports makes them of decided value to the municipality.

Committees of the League are active in the consideration of practically every new phase of political government which arises in the city during the year. Among the committees more active at the present time are those on political organization, public utilities, park-o-meters, periodic inspection of automobiles, and election issues (five charter amendments are to be voted upon at the general municipal election in March).

It is the determined purpose of this organization to continue agitation in favor of a department of research until such department is established under League auspices. One of the charter members of twenty-six years ago said to us today, "The Seattle Municipal League has had a great past and it bids fair to have a great future."

Ethan Smith, *Secretary*



RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

City Government. By Daniel W. Hoan. New York, Harcourt, Brace and Company, 1936. 365 pp. $2.50.

Listing the best governed cities in the United States brings Milwaukee immediately to mind and linked with it, the name of Daniel W. Hoan, its Socialist mayor for twenty years. Throughout this period Milwaukee's local government has been in the news. Seemingly daring experiments, having proved successful, have become models for less pioneering communities.

Mayor Hoan states his position at the outset. He holds no brief for cheap government—as little money as possible spent for a bare minimum of services. His position is that "civilization should be judged by the amount of service that the people in a community demand and can afford to pay for it." Milwaukee's tax rate is not the lowest in the country, though far below the average of American cities, but according to the author, Milwaukee gives "more public service for the dollar than any other city in the country." Mayor Hoan believes that the field of municipal service should constantly expand in answer to the public demands and needs.

Interwoven in his account of how Milwaukee's government came to be what it is today are bits of Mayor Hoan's personal philosophy and stories of personal experience—his fight against special interests, crooked contractors, political bosses and racketeers. What the book lacks in careful organization is largely compensated for by dramatic tales such as that of the exciting days in 1932 when the city was delivered from the local money lenders.

The reader closes the book with the impression of having had a man-to-man talk with one of the most earnest, hard working, and practically idealistic administrators in public life today.

*

Recent Federal-City Relations. By Paul V. Betters. Washington, United States Conference of Mayors, 1936. 145 pp. $2.50.

Alarmists who see in the closer relationship between the federal government and local government that has developed within the last few years an approach to dictatorship are mistaken, according to the author of this book, who is director of the United States Conference of Mayors. The new lines of communication and supply running directly from Washington to the cities betoken only a new plane of coöperation between the two units of government.

This coöperation has been most apparent in the federal government's program of dealing with unemployment relief, public finance and credit, public works, and law enforcement. The emergency relief and construction act of 1932, the first statute to place municipalities in intimate contact with the federal government, came as the direct result of a plea made to the President by the mayors of several large cities which were finding it impossible to carry on the relief burden alone. Through this measure, for the first time in our history, cities were allowed to borrow federal money to carry on what had been generally held to constitute local functions.

Additional relief and public works appropriations, the municipal debt readjustment act, federal taxation legislation, the NRA, the home owners loan corporation act, the social security act, and other legislation that followed were of direct concern to cities. In no instance, however, have the municipalities been reduced to subservience or to dependence upon the national government. Mr. Betters believes that federal-city contacts are due to increase and that every effort should be made to prevent them from crossing the line that divides coöperation from practical control.

*

Bibliography of Planning 1928-1935. By Katherine McNamara. Cambridge, Harvard University Press, 1936. 232 pp. $3.50.

Supplementing the "Manual of Planning Information" by Theodora Kimball Hubbard and Katherine McNamara published in 1928, Volume X of the Harvard City Planning Studies lists the important books, magazine articles, and technical papers on the subject of planning since that date. It uses the same system of classification as the earlier volume but has greatly expanded sections on state and national planning and housing. The many added subject headings testify to the rapid growth of interest and amazing amount of work (compared with the complete span of the history of planning) done in this field within the last few years.

*

State and Local Government in the United States. By William S. Carpenter and Paul T. Stafford. New York, F. S. Crofts & Co. 1936. 351 pp. $2.80.

It is the contention of the authors of this textbook that while the forms of local government remain in broad outline as they were cast in the eighteenth century, economic and social changes have of necessity resulted in shifts in the balance of power among the three great levels on which public affairs are conducted in this country. Power and responsibility have been transferred from the local governments to the states, and from the states to the federal government. At the same time this tendency toward centralization of authority has been accompanied by a trend toward decentralization in the movement for municipal and county home rule. It is a change of relationships among the various governmental units rather than a change in the fundamental structure of the American political system.

The key to this change is to be found in the functions which the government must perform. To cope with the complex problems that have been forced upon the units since Colonial days, according to the authors, involves sweeping changes in municipal government structure, in city-state and city-federal relationships. By a process of careful investigation and long-term planning, a gradual reorganization must be carried out on a functional basis. These changes will involve the consolidation of local units into larger administrative areas, the reallocation of functions among the state and local governments, and the establishment of a better and closer coordination between the different levels of government. The ultimate goal of such a plan would be a national governmental system in which each unit performs the functions for which it is best fitted in close cooperation with all the other units.

*

American Foundations and Their Fields, 1934. New York, Twentieth Century Fund, Inc., 1935. 60 pp. $1.00.

A comparison of foundation disbursements for the year 1934 with those of 1930 shows that in this time foundation grants were cut 50 per cent. Endowments were practically unimpaired; the assumption is that the decrease in grants was due primarily to the decline in the income of the securities held by the foundations.

The report covers the scope and activities of 123 foundations, classified in twenty-six fields. Particular emphasis is placed on an analysis of disbursements to outside agencies.

*

American Planning and Civic Annual. Edited by Harlean James. Washington, D. C., American Planning and Civic Association, 1935. 356 pp. $3.00.

In addition to a resume of progress in planning, parks, housing, and civic improvement during the year, this includes the proceedings of the Conference on City, Regional, State and National Planning, held at Cincinnati in May 1935, and also some of the addresses made at the National Conference on State Parks held at Skyland, Virginia, in June.

The discussions are grouped under three main headings—planning in the nation, in the states, and in the cities and towns. The articles on national and state parks and forests are especially interesting. Rural land problems, highways and roadsides, the rehabilitation of blighted districts in large cities, and the federal government's direction in housing are among the other topics.

*

Proceedings of the Governor's Conference on Crime, the Criminal and Society. State of New York, Albany, 1935. 1224 pp.

In a four-day conference held in Albany last fall, police officials, judges, lawyers, penologists, probation and parole officers, educators, social workers, representatives of labor and civic organizations, and others pooled their experience and knowledge with the hope of devising more effective ways for the prevention and combatting of organized crime. While much of the testimony relates specifically to conditions in New York, those in other states will find much of interest and practical value in the proceedings of the conference.

*

The Municipal Debt Load in 1935. By Frederick L. Bird. New York, Dun & Bradstreet, Inc., Municipal Service Department. 1935. 30 pp.

In a comparison of the debt loads in the 190 cities in the United States having over 50,000 population, overlapping as well as direct debt has been taken into consideration so that the figures give the actual amounts that the taxpayers are called upon to support. No state debt has been included.

To determine the relative weight of the burdens necessitates relation of the debt to taxpaying capacity. In addition to applying the usual index, that of per capita taxable property values, Dr. Bird uses as measurement standards median value of owned homes, median values of monthly rentals, per capita savings deposits, percentage of population making income tax returns, and retail sales per capita.

One of the tables shows the wide variation from the median debt load. Nineteen cities have debts of less than $50 per capita and an equal number have a debt load exceeding $200 per capita. Asheville, North Carolina, has the highest per capita debt, $845.95; while Springfield, Illinois, in the same population group is lowest with $23.62 per capita. New England cities are relatively free from debt; New York and New Jersey cities are second highest in the country. The Florida and North Carolina land booms, the tax rate limit in Alabama and the desire to speed up modernization help to keep the southern states in the high debt class. The midwest and far west areas are almost invariably moderate in their municipal debts.

A discussion of possible lines of control of debt concludes the study.

*

Results of Municipal Lighting Plants. Kansas City, Missouri, Burns & McDonnell Engineering Co., 1935. 182 pp. $1.00.

This electric rate book provides a record of the rates in effect 1934-35, earnings, operating expenses, net profits, kilowatt-hour production, and other information pertaining to the use of electricity in 415 cities that own their own light and power plants. It is the fourth edition of the booklet and contains data on a number of cities not listed previously.

*

Collection and Disposal of Refuse in New York State Municipalities. By Arthur H. Herberger. Albany, New York State Conference of Mayors and Other Municipal Officials, 1935. 108 pp. $1.50.

Comparable figures on costs of various services provided by local government are difficult to obtain, making studies such as this the more valuable. Eighty-nine municipalities in New York State answered questionnaires regarding the methods they employ in collecting ashes, garbage and rubbish, disposal practices, costs, and quantity of refuse. The answers have been tabulated, averages taken where these are significant, and trends pointed out.

*

Organization for Public Welfare. By Edith Putnam Mangold and Edith Rockwood. Washington, D. C., The National League of Women Voters, 1936. 32 pp. 25 cents.

With the rapid increase in responsibilities for relief, old-age assistance, aid for dependent children, and other groups that has come to state and local governments within the last few years, many are faced with an urgent need for reorganization of the administration of their public welfare activities. The experience of states and local units and that of public welfare administrators who have learned by doing is submitted in this pamphlet for the guidance of those who in re-making their systems would utilize the best methods.

NATIONAL MUNICIPAL REVIEW

MAY · 1936

Louisiana after Long

FREDERICK W. CARR

Municipalities and the R.E.A.

MORRIS L. COOKE

An Institute for Managers of Publicly Owned Utilities

ARTHUR E. MORGAN

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.
VOLUME XXV, NO. 5
TOTAL NUMBER 239

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR	ASSISTANT EDITOR
HOWARD P. JONES	ELSIE S. PARKER

EDITORIAL COUNCIL

HAROLD W. DODDS, *Chairman*	A. E. BUCK
LOUIS BROWNLOW	RICHARD S. CHILDS

CONTRIBUTING EDITORS

JOHN BAUER, Public Utilities	H. M. OLMSTED, Notes and Events
ROWLAND A. EGGER	GUSTAVE A. SEYBOLD, Book Reviews
GEORGE H. HALLETT, JR., Proportional Representation	WADE S. SMITH, Taxation and Government
ROBERT M. PAIGE, Governmental Research Association Notes	PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE

Harold W. Dodds, *President*	Clinton Rogers Woodruff, *Honorary Secretary*
Carl H. Pforzheimer, *Treasurer*	Miss Marguerite M. Wells, Minneapolis, *First Vice President*
Howard P. Jones, *Secretary*	C. A. Dykstra, Cincinnati, *Second Vice President*
George H. Hallett, Jr., *Associate Secretary*	
Walter J. Millard, *Field Secretary*	

HONORARY VICE PRESIDENTS

Charles A. Beard, New Milford, Conn.	John R. Haynes, Los Angeles
H. L. Brittain, Toronto, Ont.	Frank O. Lowden, Oregon, Ill.
Henry Bruère, New York	Charles E. Merriam, Chicago
Harry F. Byrd, Winchester, Va.	W. B. Munro, Pasadena, Calif.
Harry Woodburn Chase, New York	Frank L. Polk, New York
Frederic A. Delano, Washington, D. C.	Thomas H. Reed, Ann Arbor, Mich.
John N. Edy, Toledo, Ohio	Chester H. Rowell, Berkeley, Calif.
Samuel S. Fels, Philadelphia	Murray Seasongood, Cincinnati
Mayo Fesler, Cleveland	Miss Belle Sherwin, Washington, D. C.
Russell Forbes, New York	Mrs. F. Louis Slade, New York
A. R. Hatton, Evanston, Ill.	A. Leo Weil, Pittsburgh

COUNCIL

Richard S. Childs, New York, *Chairman*	William P. Lovett, Detroit
Henry Bentley, Cincinnati	Seabury C. Mastick, Pleasantville, N. Y.
Louis Brownlow, Chicago	Lewis Meriam, Washington, D. C.
Harold S. Buttenheim, New York	Frank H. Morse, New York
Louis I. Dublin, New York	William E. Mosher, Syracuse
C. Arnold Frye, New York	William B. Moulton, Chicago
Robert M. Goodrich, Providence, R. I.	Lawson Purdy, New York
Arnold Bennett Hall, Washington, D. C.	Clarence E. Ridley, Chicago
[illegible] V. Harris, Seattle	Henry L. Shattuck, Boston
Louis P. Head, Dallas	Charles P. Taft, 2nd, Cincinnati
[illegible], Westtown, Pa.	Laurence A. Tanzer, New York
[illegible] W. Johnson, Princeton, N. J.	Lent D. Upson, Detroit
Mrs. Siegel W. Judd, Grand Rapids	Henry M. Waite, Cincinnati
[illegible], Minneapolis	Morton L. Wallerstein, Richmond
Mrs. Virgil Loeb, St. Louis	John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office
at Worcester, Massachusetts.

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 5
TOTAL NO. 239

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR MAY

League's Business .... *Howard P. Jones* 254
Editorial Comment .... *H. P. J.* 255
Louisiana after Long .... *Frederick W. Carr* 257
Municipalities and R. E. A. .... *Morris L. Cooke* 262
An Institute for Managers of Publicly Owned Utilities .... *Arthur E. Morgan* 268
County Jail Financing in Kentucky .... *C. M. Stephenson* 271
Effective Citizenship Training .... *O. Garfield Jones* 278
Personnel: The Executive's Responsibility .... *William E. Mosher* 283
News of the Month ....
  Notes and Events .... *H. M. Olmsted* 289
  County and Township Government .... *Paul W. Wager* 295
  Taxation and Finance .... *Wade S. Smith* 296
  Proportional Representation .... *George H. Hallett, Jr.* 298
  Governmental Research Association Notes .. *Robert M. Paige* 300
Recent Books Reviewed .... *Geneva Seybold* 305

The contents of the National Municipal Review are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, MAY 1936

THE LEAGUE'S BUSINESS

1936 League Convention to be Held in Toledo.—Toledo, where the city manager plan went into effect January first, was selected as the place of meeting for the forty-second annual conference of the National Municipal League at the meeting of the executive committee April 30.

* * *

British Publication Follows Lead of "Review" in Appraising Municipal Reports.—*The Municipal Journal and Public Works Engineer*, a British publication devoted to municipal administration, has recently announced that it will award a trophy to the city submitting the best form of municipal report. Reports entered in the contest will be graded in substantially the same manner as Dr. Clarence E. Ridley, Executive Director of the International City Managers' Association, has been appraising municipal reports in the NATIONAL MUNICIPAL REVIEW for a number of years. *The Municipal Journal*, in its issue of April 10, states that in drawing up its own rating sheet it has taken full advantage of the experience of the REVIEW in grading American cities.

* * *

Dr. Dodds' Activities.—Early this winter Dr. Harold W. Dodds, President of the League and of Princeton University, spent some days in Cuba, at the invitation of its government officials, for the purpose of formulating a solution of the island's electoral problems. The Cuban government accepted Dr. Dodds' proposal unqualifiedly, arranging for the holding of a national election under it almost immediately.

On April 13 Dr. Dodds delivered an address at the University of Virginia's Jefferson Day celebration on the subject, "Has Popular Government a Future?" On April 23 he spoke before the sales executives of the Prudential Insurance Company of America, meeting in New York, on the retention of governmental protection of individualism and the setting up of a "civil service, 1936 model."

Governor Hoffman of New Jersey has appointed Dr. Dodds as a member of the State Board of Control of the Department of Institutions and Agencies.

* * *

Mr. Seasongood Continues His Good Government Work.—The *American Scholar*, Spring 1936, carried an important and interesting article by Murray Seasongood, former president of the League, on "The Future of Local Self-Government."

Mr. Seasongood at the present moment is lending his talents to the campaign to keep proportional representation in Cincinnati, recently addressing the Hamilton County (Cincinnati) Good Government League, of which he is president, on "New Developments in the P. R. Campaign."

This spring Mr. Seasongood delivered two addresses in Providence, R. I., on the city manager plan and proportional representation.

* * *

The League Loses Two Active Members.—It is with great regret that we report the recent deaths of Arthur M. Barnhart of Chicago and Harry H. Freeman of Buffalo, both active members of the National Municipal League.

Mr. Barnhart was a member of the board of directors of the National Federation of Citizens' Councils, recently organized by the League. He was the founder and active head of the United Citizens Council of Chicago, an organization pledged to secure clean elections and good government in that city. Mr. Barnhart's sudden death ocurred in the midst of the campaign being conducted under his auspices by the council to secure an honest election for Chicago at the time of its primary last month.

Mr. Freeman was formerly city manager of Kalamazoo and Director of the Buffalo Municipal Research Bureau. More recently he has been in Washington with the Works Progress Administration. He was a member of the League's committee on county government.

HOWARD P. JONES, *Secretary*

Editorial Comment
◆
May

NATIONAL MUNICIPAL REVIEW

Vol. XXV, No. 5 Total No. 239

New York Drafts a Charter

As this issue of the Review goes to press, the long awaited draft of the proposed charter for the City of New York, on which the Charter Revision Commission appointed by Mayor LaGuardia has been at work more than a year, has just been released.

In brief it provides for the election of the mayor, comptroller, and president of the newly established council by city-wide vote and of the five borough presidents by borough-wide vote. The board of estimate which has proved its usefulness in New York City over a long period of years, is continued, composed of these elected officials with the same distribution of votes as at present (the mayor, comptroller and president of the council, three votes each; the presidents of the boroughs of Manhattan and Brooklyn two votes each; the others, one vote each). A council of twenty-nine members (nine from Manhattan, ten from Brooklyn, five from the Bronx, four from Queens, and one from Richmond) replaces the old and much discredited board of aldermen. The members of this council are to be elected by senatorial districts, with two additional councilmen-at-large each for Brooklyn, Queens and the Bronx, pending reapportionment.

Most gratifying is the decision of the Charter Commission to submit the question of the election of the council by proportional representation to the electorate. If this should be approved, councilmen will be elected by borough-wide election, each borough electing one councilman for every 75,000 votes cast. While there is little or no doubt as to the efficacy of proportional representation in solving the serious problem of the perennial lack of minority representation in the government of New York through guaranteeing representation to any group in the population that can muster 75,000 votes, reform groups in New York City have a big job of salesmanship on their hands. Without Tammany, it would be no easy matter to explain proportional representation to the voters of New York City; with Tammany in vigorous opposition, the difficulty of the job will be multiplied many-fold. Fortunately, the vote presumably will come at a time when Tammany will have plenty to worry about in other directions. "P. R." can be sold to New York voters with sufficient time and effort but assuming that the proposition will be placed on the ballot this fall, it will mean taking off coats and rolling up sleeves and tackling the selling job with energy.

Among the highlights of the new

charter is its provision for a real city plan commission. While final authority with respect to capital improvements in each case always rests with the board of estimate, the commission prepares the annual capital budget and a program of capital expenditures over a six-year period. Furthermore, all proposals for improvements or for changes in the city map or zoning regulations must first be referred to the planning commission. If approved, the board of estimate may adopt them by majority vote; otherwise, twelve affirmative votes (a three-fourths majority of the votes) are required.

Encouraging in its simplicity is the proposed charter. Hardly longer than the model charter of the National Municipal League, it leaves a host of detail to be taken care of in the administrative code. In this connection, readers of the REVIEW will be interested to know that serious consideration was given to the city manager plan by the commission but the final conclusion was that "it would involve dangers too grave to risk" at this time.

Any charter commission inevitably faces the choice between what it may consider the ideal solution to a problem and the solution which it deems feasible in view of what might be termed the atmospheric conditions. These latter include the practical question as to what the public will accept in its present state of mind as well as what would be advisable in view of the existing political, social, economic, and religious situation in the community. So long as the public has the veto power over the designs of its experts and the necessity for wearing the garment these designers create, the expert must time technical perfection to suit public fancy.

From this point of view, the charter commission has done a good job. The charter is one which can probably be adopted. It is not as progressive as many advocates of governmental reorganization would wish. But it is a tremendous improvement over the old charter and as such should be wholeheartedly supported by all those interested in good government in New York City.

Unemployed Capture New Jersey Legislature One of the most dramatic incidents in the whole history of unemployment relief took place recently in New Jersey when the unemployed took physical possession of the state legislature, camped day and night in the seats of the members, and declared it their intention to stay until action had been taken to restore exhausted relief funds.

This comes uncomfortably close to "rump" parliamentary tactics; certainly it is carrying pressure politics almost to the point of breaking down representative government. Had the relief group based its coup d'etat on a constructive program (or if it had had a program, constructive or not) there is no telling what influence it might have had on future public policy. Fortunately or unfortunately, as the case may be, the "capture" of the New Jersey legislature was merely a gesture of desperation on the part of those in need. They were suppliants demanding help with a threat in their voices—that was all. From the standpoint of political science, however, the emergence of a new group consciousness on the part of the unemployed is fraught with tremendous possibilities for good or ill.

*

A New Local Government Publication We are glad to welcome a new contemporary—*Legal Notes on Local Government*—which made its first appearance in April of this year. Sponsored by the Section of Municipal Law of the American Bar Association, of which Professor C. W. Tooke of the New York University School of Law is chairman, the publication is being edited by the Legal Research Bureau of that school. This new monthly summary of judicial decisions in the field of municipal law fills a real need. Our readers will recognize an old friend in Professor Tooke, who for years was editor of the Section on Judicial Decisions in the REVIEW.

H. P. J.

Louisiana after Long

Will the legislature about to convene retain the dictatorial legislation placed on the statute books by the "Kingfish"?

FREDERICK W. CARR *Special Correspondent, The Christian Science Monitor*

A NEW kind of state and a curious type of city evolved in Louisiana under the shaping of the late Senator Huey P. Long — a giant state and a pigmy city. Powers of the cities were tossed to the state to feed it to a huge authority.

How far the exceptional dominion of the state may persist will be indicated this month of May when the Louisiana legislature convenes.

The "dictatorship" initiated by Senator Long will then be somewhat trimmed, but doubtless in considerable part retained.

The shrinkage began in spirit after the passing of the "Kingfish," as the Senator in his humorous strain often liked to refer to himself. A few modifications of extreme laws were made by officials. The current session brings the first chance to change the drastic legislation.

What is done with the disputed measures will be guided completely by the wish of the political machine created by Senator Long. His faction was continued in office for four years at the primary election of last January. Thanks to his forceful planning, the Long organization has enlarged its control in the state.

The domination inherited by today's leaders they can keep. But fortunately they are more temperate, and neither so driving nor so audacious. The faction now is partially willing to concede where the Senator would combat. The cohesiveness enforced on strong men by a stronger has also diminished.

Feeling a release, public opinion has resumed more of its wonted readiness. On its part the Long machine has become more sensitive to public thought.

Yet the machine holds peculiar advantages in the dictatorial legislation. Some of its abnormal benefits it appears very likely to cling to. While the Long organization governs, it will probably seek to help itself by part of the extraordinary legislation fashioned for its perpetuation.

Several laws which disturbed special groups already appear outmoded. One, it is promised, will be watered down. This law cast public school teachers into the whirlpool of politics.

During the last campaign the new governor, Richard W. Leche, pledged himself to renovate the school legislation. Judge Leche brings a milder and totally different character into supremacy than that of Senator Long.

Senator Long's school law empowers the state to discharge any public school teacher in Louisiana and name a substitute. As the law stands, a political board can hire or fire all.

Even the state superintendent of public education, just re-elected on the Long ticket, backed off. Teacher organizations protested. Teachers did not like the threat of having to seek the approval of a politician to hold or get a job.

Though the state superintendent denatured the law in part, still a score of teachers were indirectly dropped last year through politics. Enough was done with the legislation to show its potentialities, had the politicians ventured to make full use of their chances.

The new law now proposed by the state superintendent plans protection of teachers in their tenure. After having served three years, a teacher can be removed only after hearing by the local school board, in public or private, at the teacher's option. If not satisfied, a teacher can then appeal to the courts.

State control of local school expenditures will doubtless continue. The state of Louisiana gives more for the operation of the public schools than do most states. Consequently, under Senator Long, the state took over larger supervision. Where the state gave, it was argued, the state should oversee. The trend is not without significance in connection with the possibility of federal contributions to local education.

Senator Long did much to augment the funds available for use in the poorer school districts of Louisiana. He multiplied the revenues of the state university. Public schools are now hunting illiteracy out of the state, while Louisiana State University has become one of the largest schools in the south.

Bitter as opponents of the Long regime have waxed, none has contemplated repealing all of the Senator's legislation. Too much of the constructive was intermingled with the dubious. The young southerner's roads, bridges, education, buildings, and other public improvements testify of a progressive spirit, which unfortunately lacked brakes. Bounding vitality, resourcefulness, and ambition produced both achievement and excess.

This article does not undertake to canvass the wholesome accomplishments of Senator Long, which are now history, but rather to review his reputedly dictatorial laws, whose fate remains still in the making.

Long's law putting the state bar association and the self-government of lawyers into politics, rather than reserving these professional matters for control of the lawyers themselves, furnished no achievement. This legislation seems of little value to the Long faction and may be dropped. Repeal of laws which cut off Louisiana from participation in federal spending is expected. The Long faction does not now entertain the hostility of its former leader to the Roosevelt administration.

Of far greater concern, the Senator's remarkable election law remains without present likelihood of change.

ELECTION DICTATORSHIP

Louisiana stands unique among the states, one against forty-seven others, in permitting a state administration to monopolize the state election machinery. This, as many Louisianians have felt, is genuine dictatorship.

Custom throughout the nation calls for both sides in an election to have election officials. The practice is not a courtesy, but a necessity. Through decades of election fraud, cheating at the polls has become a skilled profession. The largest show of sleight-of-hand trickery in the country takes place in the counting of the ballots. Chicanery of course is not uniform. Many localities have stayed honest. But in most big cities, and notably in New Orleans, dishonesty in elections has become proverbial.

Rival officials offer a safeguard. Where one faction legally dominates the polls, that faction goes into the campaign incomparably advantaged. Canny politicians are discouraged from taking chances with the opposing side. The public wonders whether after all it will be much use to vote. Candidates of the opposition can do little more than hope for an uprising of the populace to demand a fair count. And then, as at the Louisiana primary of last January, perhaps the public does not rise.

Huey Long's election law helped his faction this year to pile up a victory that in a great measure it would have reaped any way. So valuable a law may not readily be sacrificed even for the public good. A stalwart element in the Long machine justifies and insists upon keeping the Long election law.

POWER OVER LOCAL OFFICIALS

Odd as it would seem in the north if the Democrats or the Republicans had the naming of all the officials for an election, Louisiana offers a still more bizarre law to the nation.

The state has taken the power to discharge every appointive municipal or county (parish) employee in all Louisiana. The dog catcher in New Orleans and the chief of police in Shreveport hold their jobs subject to consent from the handsome capitol at Baton Rouge. Some ten thousand city and fifteen thousand county employees, according to one estimate, have been thrust under state supervision. Only the elected officials are exempted. Incidentally, several of these felt the discipline of the budding dictatorship by seeing their offices declared vacant through special act of the legislature.

The extraordinary domination of city and county jobs and the one-sided election law register Louisiana's greatest departures from normalcy. These measures mark a state climax of the spoils system.

With the art of a master of machine politics Long put his hand on local jobs by a simple legislative act. He merely created a "state civil service commission," which at first had nothing to do with the state employees but was later to embrace them.

By its "civil service" law, the state machine obtained a veto over the city jobs controlled by its opponents in the rival New Orleans "ring." The Long faction thereupon let out about seventy municipal employees in New Orleans by the process of withholding approval of their tenure.

A spoils machine built on jobs finds the loss of jobs the one thing the organization cannot endure. The artifice, which Senator Long invented to fracture his opposition in the largest city in the south, worked. The "old regulars" of New Orleans for the most part came over and helped the Long faction in the vital election of last January.

The bargain they made was reported to include lifting the state's veto from the police and fire departments of New Orleans. It was also rumored last fall that the state civil service law would be repealed this spring. Some still hope it will be removed. A number of the most influential members of the Long faction, however, have insisted on keeping the law.

Ultimately, if Louisiana is to return to the typical manner of self-government in the nation, such state usurpation will have to be discarded. At present it remains a perquisite of the faction in office, one of its most useful political instruments.

CONTROLLING LOCAL FINANCES

Through other laws additional authority was siphoned away from the local community to present an unaccustomed authority to the state. For instance:

The state can supervise the finances of every local taxing body. It denies to all the authority to borrow money, to incur debt, or to issue bonds without its approval. In New Orleans the state tried to block the city from even paying its bills. Senator Long's attempt to tie up the city treasury of New Orleans was evaded by appeal to the federal courts under the federal municipal debt adjustment act of 1933.

The state has obtained complete control over local taxes. The Louisiana Tax Commission, appointed by the governor with the approval of the senate, has the power given it by an act of 1934 to change the assessment of any taxpayer prior to the payment of the tax. Local assessors do the actual work, but their findings must be approved by the tax commission. Hence by its authority to change, the state commission controls all assessments. Taxpayers aggrieved with their assessments may appeal to the tax commission. If dissatisfied with its ruling, they may then go into the state courts. During the Long regime there was much complaint that state courts were frequently controlled by the state administration. In several of the most important tax suits citizens sought refuge in the federal courts. Questionable tax practices in Louisiana had beginnings antedating Huey Long, and certain of their most objectionable features have been dropped in the last six months.

As in taxes, so in the state's veto over municipal and parish (county) employees, the state's authority is lodged in a state board, but on big issues actually resides in the master hand of the state administration. Usually, of course, that is the governor. In the most vital years of the Huey Long period, the authority was dispensed by a United States senator. Governor O. K. Allen and Long had been boyhood neighbors and friends. When Long retired from the governorship to go to the senate, he made Allen governor in his place. By compliance with Long's directions, Allen enabled Long to continue his personal control of state affairs and politics.

GOVERNING BATON ROUGE

Through another of the "Kingfish's" unusual laws, the state has virtually taken over the administration of the parish (county) of Baton Rouge in which the capital is situated, comprising nearly five hundred square miles. It did this by authorizing the appointment of thirteen commissioners, to sit with the thirteen commissioners who were elected. Several of the elective officials went over to the Long appointees to form a majority and reorganize the board.

The state has set up a veto power over the appointment of deputy sheriffs in the principal parishes (counties).

Through these and the other "dictatorial" laws, power was concentrated in the state at the expense of the local community. Local self-government was disparaged and discouraged. The ability of men to administer their community affairs was trimmed in order to aggrandize the central authority. Municipal home rule was sacrificed for state control as in no other state.

Centralization of course has lately developed strongly in the federal government, and to a lesser degree in various other states. The extreme trend in Louisiana is justified among important figures in the state house as only in step with a common swing and misunderstood because ahead of its times.

"Louisiana is leading the nation, as we interpret tendencies, in giving the state government more authority," remarked one of the leaders of the Long faction last fall. "The same process of centralization has become more prominent in the federal government. It is also working in the states, but in none as yet so substantially as in Louisiana.

"Huey Long was ten to twenty years in advance of his period. If it had been any one else than Senator Long, the laws would have made no stir. Prejudice against him personally caused his laws to be attacked as dictatorial.

"Nevertheless, the time has come when the local district looks to the state for help as never before. It cannot expect to receive assistance without supervision.

"It is not through obstinacy that we believe in retaining such legislation, but because we are convinced that such laws are good and after fair trial will be found to be satisfactory. However, any features that prove objectionable will of course be modified if their operation proves unduly hampering or oppressive."

If efficiency were the sole aim of Louisiana's centralizing, the theory of government thus advanced might appear more congenial. But to take the opposite estimate as thus expressed by critical natives:

Centralization of local government in the state was done on a political basis and for political reasons. It was not done on the basis of good governmental administration. Very few of the changes made were business-like. For example, one cent of the three-cent gas tax in New Orleans was taken away to be collected by the state and returned to the city. Thus two tax collecting agencies are necessary. Local government powers and authorities were not added to state departments for the purpose of improving local services or to do the job better. Instead a few new politically organized boards and commissions were created to control cities, parishes, and schools.

Little if any of the new state power has been written into the constitution. The "dictatorial" laws were as a rule swiftly put through one or another of the frequent brief special sessions of the last few years. Hence such legislation can be as readily erased.

The inherent American feeling for local self-government has been making itself heard anew in the months following Senator Long's passing. Many natives think the state is steering into better times and that politics will relax much of its restraints. Louisiana's natural resources are great. Through Huey Long's levying of many taxes the state government enjoys liberal revenues. There is no reason why local government should not be immediately restored if conceded by the Long political machine, or if the machine broke up. The opposition to the Long ticket at the last election made "home rule" its slogan. Once an opposition gets into office, local government, if still repressed, is likely to take a quick rebound.

Should America be descending further into spoils politics, then Senator Long's "dictatorial" legislation may possibly set a pattern, encourage repetition elsewhere, and maintain an indeterminate endurance.

Fortunately, it is more reasonable to forecast that this nation is moving with the slowness and certainty of a downward pushing glacier toward better self-government.

If machine politics is intensified and local government devastated for a time in Louisiana, these halts may signify no more than a chill day in early spring, when the seasons are breaking up, when winter is ineffectually reasserting herself, and futilely resisting the inevitability of summer.

Municipalities and R.E.A.

How cities are furnishing the farmers with electric power, thereby helping themselves as well as their rural neighbors

MORRIS L. COOKE *Administrator, Rural Electrification Administration*

To forward looking municipalities interested in sharing with the surrounding countryside some of the advantages of urban life, the government offers a peculiarly attractive program through the Rural Electrification Administration.

Established by executive order in May 1935, REA is one of the youngest members of the government family. In its short period of existence, however, REA's work has furnished the basic pattern for the ten-year rural electrification program contemplated in the Norris-Rayburn bill. A brief examination of this pattern will enable us to understand REA's particular message for municipals.

The purpose of the Rural Electrification Administration, as outlined in the order creating it, is "to initiate, formulate, administer, and supervise a program of approved projects with respect to the generation, transmission, and distribution of electric energy in rural areas." To this end, REA makes loans to responsible applicants for the construction of self-liquidating electrification projects. Repayment may extend over a period of twenty years, during which time the loans bear interest at 3 per cent.

Although empowered to make loans for generating plants, REA has not actively encouraged the construction of such plants. That this is the case will readily be surmised from the fact that of forty-four projects approved for loans by REA, only one contemplates the building of a generating station. REA believes that a far greater number of farms will be benefited if most of its funds are used for the extension of distribution lines from already existing sources of power. Moreover, REA seriously endeavors to coöperate fully with existing utilities, whether publicly or privately owned. Proposals for duplicating or competing lines are therefore barred.

As noted above, REA considers applications from any responsible applicant. Such an applicant may be an established private company wanting to enlarge its rural distribution system. It may be a municipality owning such a system and desiring to extend its operations throughout the adjacent countryside. The borrower may be a farmers' coöperative association, organized expressly for the purpose of securing electric service in the area where its members live. Or, in the absence of a law permitting coöperative associations to engage in such a business, it may be possible to organize the desired form of corporation under the general corporation law. REA offers particular encouragement to public bodies and coöperative or other non-profit corporations.

Municipal plants are frequently well

equipped to promote farm electrification and to offer rural service at moderate rates. In fact, the policy of municipals serving REA projects has generally been to grant the same rates to rural consumers as to domestic consumers in town. The directors of a municipal plant might reasonably be expected to have a more intimate knowledge of and interest in the welfare of the prospective rural customers than other utility officers whose acquaintance with a given territory may be confined to their balance sheet. Since they are already operating, municipals may sometimes find it feasible to make short extensions which could not be operated successfully as a separate unit by a new organization. Furthermore, the characteristics of the rural load are frequently such as to produce considerable improvement in the load factor of the municipal system. For example, two major appliances widely used in farming districts are large refrigerators and water pumps. Since these appliances require current during the night, their load would represent a valuable addition to the total load.

Where REA lends funds to municipalities for the construction of rural lines, and such lines form an integrated system, the only security usually required is a mortgage on the new lines and a pledge of the revenues therefrom. In many cases no pledge of urban revenues is asked. Thus, from a practical point of view, a well established municipal plant should experience little difficulty in taking part in the REA program.

Occasionally municipalities planning to offer rural service may encounter legal obstructions. Two restrictions are fairly common, but, as will be shown later, are by no means insuperable. A city may not be empowered to provide electric service outside its corporate limits, or its activities beyond the corporate limits may be limited in range or volume. There may be a constitutional limitation upon the amount or type of indebtedness which the city may incur. In such contingencies, the farmers' coöperative presents a happy solution.

COÖPERATIVES MAY ACT

Coöperatives are organized on a nonprofit basis. Whenever a coöperative's operations result in a surplus over all necessary reserves, the excess is prorated to the members according to their use of its services, or is reinvested for improvement and enlargement, or both. Since each member has only one vote, the coöperative is truly democratic. It is, therefore, a peculiarly satisfactory vehicle for such a program as that of REA.

In dealing with coöperatives (or, for that matter, with other bodies), REA makes no attempt to dictate details of organization or policy. The coöperative is free to establish whatever type of organization it finds most suitable for a truly coöperative policy. Likewise, it may handle the electrification problem as best serves the community. It may engage in the generation, transmission, and distribution of energy, or it may buy power at wholesale and take over only the ultimate retail distribution. It may employ its own staff of engineers and linemen, or it may let contracts for the maintenance and operation of its lines to other agencies which already have the needed personnel and equipment. REA confines its requirements to a few major points: that the applicant have a satisfactory legal status, that construction be of a quality sufficient to insure good service and an adequate degree of safety, and that the project be economically sound, in order that the loan may be fully liquidated.

Thus the REA program opens up to municipalities a twofold opportunity

Location of Project	Municipality Involved	Municipality Provides Energy	Municipality Services Lines	Municipality Is Borrower
Iowa, Sioux County	Hawarden, Iowa	Yes	Yes	Yes
Tennessee, Rhea County	Dayton, Tenn.	Yes	Yes	Yes
N. Carolina, Wilson County	Wilson, N. C.	Yes	Yes[1]	No
Georgia, Wilkes County	Washington, Ga.	Yes	No	No
Ohio, Logan County	Bellefontaine, O.	Yes	No	No
Ohio, Champaign-Miami-Shelby Counties	Piqua, Ohio	Yes	No	No

[1] Provisional.

for service—directly, through rural extensions operated by the city plant itself, and indirectly, in conjunction with other agencies. As indicated by the foregoing discussion, REA encourages the setting up of coöperatives because their non-profit feature makes them in essence, though not in form, public bodies. In some states, however, the laws do not provide for the formation of coöperatives. Where this is true, it may be necessary to organize a non-profit utility corporation. But a municipality genuinely desirous of rendering service to its rural neighbors can usually find the means to do so.

A glance at the table above will quickly reveal the basic relationship between the municipal and the rural system in eight representative REA projects, either approved or pending.

In every project shown above, it will be noted, the city provides energy. Yet only two projects—those in Sioux County, Iowa, and Rhea County, Tennessee—are being carried through from start to finish by the municipality. The reason for this variation is, in part, a variation in the powers granted to municipalities by the laws of different states. Municipal officials should not, however, be discouraged by the apparent hurdles set in their course. Rather, the facts developed in the accompanying table should convince them that in a majority of cases they can clear the jumps without any great difficulty.

We have pointed out the two methods, direct and indirect, by which municipalities may further the cause of rural electrification. The direct method requires that the city perform every necessary function from arranging to finance the line to operating it. As the Sioux County project falls into this category, we may well examine its history.

The Mayor of Hawarden, Iowa, attended the joint conference of municipal officials and REA representatives held at Washington in May 1935. There he discussed with REA officials the general aims to be attained, although detailed plans were still in the making. Likewise, he learned something of the TVA power development. His interest was especially aroused by the situation in Alcorn County, Tennessee. There Corinth, the county seat, had for years been served by a private utility. By purchasing the existing distribution system and making further extensions into rural territory, Corinth had become the nucleus of a county-wide coöperative electric association. At the time of the conference, Alcorn County was just rounding out its first year—a very successful one.

Hawarden's mayor wanted to know more, for his city already had its own generating and distributing systems. Plenty of surplus power was available for rural consumption. So the city clerk wrote REA for further details. According to his letter, a preliminary canvass indicated that the rural extensions might total fifty miles. After one month's promotion, the sponsors of the project enthusiastically reported that there was a probability of including between eighty and ninety miles. When formal application for an REA loan was finally made, it clearly attested the value of thorough investigation of the market. Hawarden's allotment of $127,500 will build 150 miles of rural lines. And they are all within a twenty-mile radius of the Hawarden plant.

CITIES FURNISH POWER

To Iowa's liberal laws must be attributed part of the rapid development of this project, which is the pure type of municipal-REA relationship. The city initiated the project; will contract with REA for the loan; will take bids on the construction of the lines; will generate and supply the energy; and will itself operate, maintain, and repair the rural lines.

This procedure, which should insure uniformity throughout the entire electric system, will also be followed in Rhea County, Tennessee. Located within the transmission area of the Tennessee Valley Authority, the city of Dayton has enjoyed TVA's cheap wholesale power since February 1935. In May of that year, shortly after the establishment of the Rural Electrification Administration, the city commission authorized the mayor of Dayton to seek REA aid in financing rural extensions to the municipal electric system. For some time, as the mayor explained in his letter of application, the people of Rhea County had been "requesting and almost demanding" electric service. The city therefore submitted a proposal for 38.9 miles of rural distribution lines, to serve 215 customers. For this project REA approved a loan for $38,058.

A somewhat different solution was necessary in Wilkes County, Georgia. A group of farmers living along a twelve-mile stretch of road running west from Washington, Georgia, approached the engineer of the Washington municipal system to find out how they might obtain service. The city officials were willing to build an extension to their distributing system provided it could be financed through REA. Accordingly a preliminary application was submitted on behalf of the city.

Because of a constitutional limitation on its indebtedness, however, the city of Washington could not legally become party to a loan contract. Further examination of Georgia statutes revealed that there was no objection to the formation of a coöperative body for the building and operation of an electrification project. The farmers therefore organized a group called the Rayle Electric Association. This corporation has entered into a contract calling for the borrowing of $12,000 of REA money with which to build the extension.

The city has, however, by no means surrendered all interest in the project. Besides supplying the energy, which the municipal plant purchases at wholesale from the Georgia Power Company, the city has agreed to lend its engineer and accountant to the coöperative. During construction these two officials will supervise matters falling within their respective provinces. If the coöperative wishes to contract for their services after the completion of the project, the city is willing to agree to such an arrangement.

This last provision is of particular significance to municipalities, for it indicates the high degree of unified control that is possible even where the city cannot, because of legal technicalities, actually borrow funds to construct lines. If the municipality is restricted only as to indebtedness and not as to the extent of its utility services, there should ordinarily be little difficulty in concluding such arrangements as those in Wilkes County. Moreover, it will be noted that this project is so small that it could not be successful as a detached unit.

In Wilson County, North Carolina, something of the same problem arose out of a different set of conditions. The town of Wilson owns a combined steam and hydro generating system having a capacity slightly in excess of 9,000 kilowatts. During the year 1934-35, the peak load was 2,500 kilowatts. Believing that 4,500 kilowatts would amply allow for increased local consumption, the town officials saw an opportunity to dispose of the surplus through rural development. The Federal Emergency Relief Administration made detailed surveys of 146 miles suggested by the town, and actually constructed 11.2 miles of 6600 volt line. Prior to this time, Wilson had been operating 46 miles of rural lines with an average customer density of 5.4 per mile. By adding the desired 146 miles, the town felt that it could serve almost the entire county. An application was therefore filed with FERA for the construction of the project by federal grant.

FROM FERA TO REA

But it was just at this point that REA was established. The preliminary surveys for Wilson County were handed over to the new agency, and the town immediately took steps to meet REA requirements. It developed, however, that the town lacked the statutory authority to issue the necessary bonds to the REA, without first holding an election. The town then decided to sponsor the organization of a non-profit electric membership corporation which could legally contract for the loan. In all probability this coöperative will have its lines serviced by the town, under contract.

Although this project has not been finally approved in every detail, it is a splendid example of what a municipal can achieve through determined effort. Wilson's project was originally launched as a relief venture under FERA. The termination of the activities of this agency presented the first difficulty. Convinced of the value of their project, the town officials submitted their application to REA on a loan basis. Certain legal difficulties then developed. In the face of a series of obstacles, Wilson has cheerfully shaped and reshaped the project. It is now in a fair way to be approved. With $161,000 of REA money, approximately 130 miles of new lines will be built, which will carry electricity to 659 new consumers.

Some of the Ohio projects involving municipalities are also worth studying, for they show the wide opportunities available in states where the coöperative movement is highly organized. As in Indiana, numerous rural electrification developments in Ohio were sponsored by a state-wide organization, the Farm Bureau Rural Electrification Coöperative, Inc. Such a sponsoring organization helps the farmers to set up local coöperatives. It is to these local groups that REA makes its loans, and their relation to the state organization in no way impairs their direct obligation, as borrowers, to the federal government.

Like the mayor of Hawarden, Iowa, the chief engineer of the public utilities at Bellefontaine, Ohio, learned of REA's plans by a visit to Washington. Upon returning home, he discussed the possibilities of rural extensions with some of the farm leaders in Logan County. Before long a coöperative was organized, and under the engineer's direction a project was launched. Bellefontaine's municipal plant will be able to dispose of surplus energy through a rural distribution system of 215 miles, serving 860 consumers. For the construction of these lines, REA has allotted to the Logan County Coöperative Power and Light Association, Inc., the sum of $225,000. The coöperative itself will take care of the maintenance and operation of the new lines.

UNITY OF EFFORTS

In Shelby, Miami, and Champaign Counties, we have a group of projects which were originally set up independently of each other. Since all of them were to draw energy from the Piqua municipal plant, the state-wide coöperative suggested an arrangement whereby each county group might benefit from the proximity of the other two. Briefly, the state organization planned to purchase power at wholesale at the city limits of Piqua, then to resell it to the local groups without profit. In this way a more advantageous wholesale rate would be possible. But there were difficulties attendant upon such a plan—the evaluation of facilities used in common, for example. The three county coöperatives have consequently decided to reorganize, forming a single project for all three counties. Steps are now being taken to perfect the new organization.

For Shelby County, REA has made available $350,000. This part of the project includes 270 miles of lines, serving 1,005 customers. In Miami County, 193 miles of rural lines will take electricity to 690 new consumers. This county's share, $254,000, also includes the construction of a substation. Champaign County will receive $595,000 for 440 miles of lines, bringing electricity to 1,925 rural families. The terms of the loans are, basically, the usual REA conditions of amortization over a twenty-year period at 3 per cent interest. The city of Piqua has agreed to furnish wholesale current at 4,000 volts, and the coöperative will undertake the responsibility of servicing the new lines.

With the discussion of these Ohio projects, we conclude this brief study of municipal-REA relationships. They fall into three main groups: first, that in which the city handles the entire project itself; second, that in which the city furnishes the energy and services the lines; and third, that in which the city only supplies energy.

All of the examples here presented substantiate a few basic assumptions. One is that municipalities are finding it profitable to take a prominent part in the development of rural electrification. Another is that, in spite of obstacles at the outset, some means can be found for adjusting a project to local conditions. Furthermore, whatever the set-up, a gratifying uniformity of control and operation is possible.

To the municipality no less than to the farm consumer the benefits of such coöperative enterprise must be readily apparent. The farmer is aided because he receives electric service at a price he can afford to pay for it, without the necessity of making a large initial outlay for construction costs. Moreover, the rates have been so designed as to encourage the use of electric power for an increasing number of tasks around the farm, so that farming may truly be made more convenient and more productive. By making farm life easier and agriculture more profitable, electric service will render the entire rural area more prosperous. The resulting increase in the value of farm property is of benefit to the municipality.

Again, as has already been suggested, the addition of a rural load will prove beneficial to the municipal system, both by improving the load factor and by in-

(Continued on Page 282)

An Institute for Managers of Publicly Owned Utilities

An important and valuable service can be rendered by an organization which would prescribe representative and accepted standards of administration for municipal utilities

ARTHUR E. MORGAN *Chairman, Tennessee Valley Authority*

THE publicly-owned utilities of America fall generally into two classes: first, those which are supported by general taxation, such as sewer systems, streets, and fire departments; and second, those which are paid for directly by the users, including water supply, electric power systems, municipal markets, toll bridges, and miscellaneous services. I have not at hand an estimate of the number of publicly-owned utilities which are supported by direct charges for the services rendered, but I should guess that there are not less than ten thousand in the country. A large number of these are administered by full-time, paid managers.

There is great variation in the competence, honesty, and economy with which these publicly-owned utilities are managed. In some cases, their management represents the highest order of efficient and economical administration; in some cases it is entangled and compromised in sordid and corrupt political manipulation.

Growth or decrease of public ownership and operation of public utilities in this country will depend in the long run not upon abstract theories about government but upon the record of economy and efficiency achieved by public ownership and operation as compared with private ownership and operation. There is room for great improvement in both public and private operation of utilities. If some means can be developed for substantially raising and stabilizing the quality of administrative service in publicly-owned utilities, the effect on our public life will be very wholesome.

I believe it would be possible to bring about a very great improvement in the average quality of administration of publicly-owned utilities through the development of an "Institute for Managers of Publicly-Owned Utilities." A considerable number of these utilities have managers of a very high order. Those managers who represent non-partisan and non-political administration could organize themselves into such an institute and could develop a code for its membership. Such a code could provide general principles of accounting to prevent manipulation of accounts, and to supply the public with direct, intelligible statement of financial conditions. It could provide for the elimination of political appointments, and for the maintenance of the merit system in selecting and retaining personnel. It could prohibit political campaign subscriptions. In these and in other respects, representative and accepted standards of administration could be prescribed. Anyone failing to maintain these standards would be eliminated from membership in the institute.

If such an institute were established

and these standards were to prevail, the fact that any manager of a publicly-owned utility was not a member of this institute would at once raise questions in the public mind. If the manager should withdraw from the institute because its standards would not allow him to condone improper practices, the public would at once have notice of such practices. If he wanted to resist improper practices, the prestige of the institute would support him; whereas, at present, he may stand alone against a corrupt governing board. Such an institute would be a standardizing agency, and any publicly-owned utility which was not represented in the institute by its manager would at once be under public criticism. The general effect would be to provide a powerful support for managers in maintaining high standards of public administration and would be a great deterrent to politically-minded governing boards in any effort they might make to manipulate publicly-owned utilities for personal or political ends.

As an instance of how such discipline may operate, let me recount an incident told me by Dr. Edwin F. Gay, former dean of the Harvard Business School. Mr. Gay said that as a young man he had occasion to do business in Chicago with a railroad accountant. When their business was concluded, the accountant told him an interesting story. He said that a few years previously the lot of railroad auditors in the country was an unhappy one. If the manipulators of a railroad wished to make a fortunate showing in the financial world, the railroad president might call in his chief accountant and order him to change his accounts so as to show a good profit. If the accountant refused, he could be unceremoniously dismissed.

About that time the railroad accountants organized themselves into a national association and set up standards which had to be observed by all its members. Within a few years the prestige of the association was so great, according to the person telling the story, that no railroad president dared to demand his chief accountant to falsify the records. The man who told this story, according to Dean Gay, was Daniel F. Willard, who later became the great president of the Baltimore and Ohio Railroad.

AN ADMINISTRATIVE CLEARING HOUSE

There are other important and valuable services which could be rendered by an "Institute for Managers of Publicly-Owned Utilities." Regular meetings and a periodical could supply a clearing house for administrative methods. It would be highly important for such an institute to maintain a central advisory staff. It is very difficult today to find competent consultants for publicly-owned power systems, since most competent men in that field find their employment with the privately-owned utilities. A well developed, central advisory staff would consist of engineers, lawyers, accountants, and specialists in the field of publicly-owned utility management. These men, while employed by the institute, would be available to serve municipalities or other public organizations, especially those owning and administering utilities. The charges for their services should in time meet the cost of this central staff.

There is another great service which such a central staff might perform. Today when a municipality which is being served by a privately-owned utility finds it necessary to have a hearing before a state public utility commission, it is generally greatly handicapped by the lack of efficient technical advice, since nearly all the specialists are employed by the privately-owned utilities. As a result, municipalities commonly make a very poor showing at such hearings. A central staff such as is here suggested would include specialists who would be available for employment by any municipality in the country in case of hearings before public utility commissions. In this way a body of competent advisers could be developed for the protection of the public interests.

Public ownership of essential utilities has many marked advantages. If patronage and politics can be taken out of administration and it can be brought to a high level, and if the best technical and professional methods can become the common property of publicly-owned utility management, it is probable that public ownership may be greatly extended. I repeat, however, that in the long run the American public will make its choice between public and private ownership of utilities by practical results and not by political theories. The extension of public ownership today is being delayed and hampered by the frequent occurrence of incompetence and mismanagement which in extreme cases may create a greater public burden than exploitation by privately-owned utilities.

COURSES IN UTILITY ADMINISTRATION

There is another service which might be performed by an institute for managers of publicly-owned utilities. For several years past I have hoped that Antioch College might be made the headquarters of such an advisory staff as I have described. The Antioch College program provides that each of its students shall spend about half time in academic work and the other half time in practical work in the field of the student's choice. Such an arrangement makes an ideal setting for a training school for managers of publicly-owned utilities. If the central advisory staff were located at the college, its members could give courses in the various phases of utility administration and of general municipal administration, such as accounting, engineering, and legal principles. Students specializing in this field would spend half their time at the college taking the theoretical courses, and the other half time in subordinate positions with publicly-owned utilities over the country after the manner of the Antioch program. Antioch students are now working with more than two hundred and fifty employers in about fifteen states. Two students hold one position and work in alternate shifts of five or ten weeks.

Under the program I have suggested, upper class students might work as assistants to auditors, engineers, and statisticians for appraisal of utilities. After a few years of such a program, a student could work for a year at a time in two or three utilities, chosen because of the competency and efficiency of their management. I believe that in this way there might be developed a body of young men, well trained under competent specialists and with excellently directed practical experience, who in time would become competent managers of publicly-owned utilities as that form of activity increases in our country.

Being associated with an institute for managers of publicly-owned utilities, what is now an unorganized number of public servants, working under the most diverse conditions from those which are excellent to those which are very bad, might become a recognized professional group of high quality utility managers who would bring great improvement both to the public and to the private operation of public utilities.

County Jail Financing in Kentucky

Despite statutory provisions, jailers report a variety of fees received for care of prisoners

C. M. STEPHENSON

Formerly Administrative Assistant, Bureau of Business Research, University of Kentucky

BROADLY speaking, the statutes define two classes of prisoners in Kentucky county jails. These are persons charged with a felony or contempt of court, commonly referred to as state prisoners since the cost of keeping them is borne by the state government; and those charged with some other offense, commonly known as county prisoners if the cost of their confinement is paid by the county, or as city prisoners if confined for violation of a city ordinance or a statute for violation of which the city receives the fine, in which case the cost of confinement is met by the city. The fee for keeping and dieting county and city prisoners is the same.

After the adoption of the present constitution in Kentucky, a general revision of the statutes was made. By act of the general assembly in 1893, the *per diem* fee for keeping and dieting state and county prisoners was fixed at $.50 (*Acts,* 1893, c. 192, p. 857 and c. 226, p. 1141). In 1910 the general assembly increased the fee to $.75 for all classes of prisoners, except for the limitation that "provisions of this act shall not apply to counties having within their boundaries a city of the third class" (*Acts,* 1910, c. 96, p. 274 and c. 61, p. 198). No explanation of the reason for excepting such counties is apparent from the act, nor has it been possible to discover any reason. It appears, however, that the legislature desired to leave the fee for keeping state prisoners in counties containing a city of the third class at $.50 a day, and, interestingly enough, there have been no cases on the point before the court of appeals.

In 1920 the general assembly increased the fee for keeping county prisoners from $.75 to $1.00 a day, but made no change in the state rate which was left at $.75 (*Acts,* 1920, c. 137, p. 627). However, in 1930 the legislature did pass an act to increase the fee for keeping state prisoners to $1.00 a day (*Acts,* 1930, c. 129, p. 398), but the new rate could not become effective under the constitution until the end of the term of the incumbent jailers at the end of 1933. The act of 1930 was so drawn as apparently to leave the old exception of counties containing a city of the third class still in effect, although there has still been no court of appeals decision on the point. A letter from the state auditor of public accounts, under date of May 9, 1934, states that the fee for dieting state prisoners is fixed at $1.00 a day; and gives no inkling that a difference is recognized by the state as between counties containing a city of the third class and others.

In 1932, before the increased fee for

TABLE I

VARIATIONS IN FEES REPORTED BY KENTUCKY JAILERS FOR KEEPING STATE, COUNTY, AND CITY PRISONERS: 1933 AND 1934

Class of prisoners	Legal fee	Per diem fee reported				None kept	Total
		50c	60c	75c	$1.00		
1933—Number of Jailers Reporting:							
State	$0.75	0	0	60	6	0	66
County	1.00	0	0	0	66	0	66
City	1.00	0	1	3	53	9	66
Percentage of Jailers Reporting:							
State	.75	0%	0%	90.9%	9.1%	0%	100.0%
County	1.00	0	0	0	100.0	0	100.0
City	1.00	0	1.5	4.5	80.3	13.7	100.0
1934—Number of Jailers Reporting:							
State	1.00	0	0	4	62	0	66
County	.75	0	0	63	3	0	66
City	.75	1	0	48	8	9	66
Percentage of Jailers Reporting:							
State	1.00	0%	0%	6.1%	93.9%	0%	100.0%
County	.75	0	0	95.5	4.5	0	100.0
City	.75	1.5	0	72.7	12.1	13.7	100.0

keeping state prisoners had gone into effect, the legislature passed an act reducing the fee for county prisoners from $1.00 to $.75 a day (*Acts*, 1932, c. 130, p. 634); however, the old rate of $1.00 was left still in effect in counties containing a city of the first class.

Thus, under the legislative acts of 1930 and 1932, the fees for keeping state and county prisoners were exactly reversed upon the inauguration of the newly elected county jailers at the beginning of 1934.

Inquiries were sent in May 1934 to each county jailer in Kentucky, asking him to report separately for 1933 and 1934 the *per diem* fee received in his county for keeping and dieting each class of prisoners—state, county, city, and federal. Sixty-six of the hundred and twenty jailers in the state replied, and a tabulation of the answers (see Table I) discloses that the fees actually reported as being collected[1] are by no means uniformly in accord with the law.

It appears that three of the jailers reporting were still collecting $1.00 a day from their counties for keeping county prisoners, despite reduction of the legal fee to $.75 at the beginning of 1934. Counties paying such excess fees are entitled to recover from the jailers.

Section 2228 of the *Kentucky Statutes*, Carroll's 1930 edition, provides that cities may use county jails by paying "the same fees allowed by the state." The court of appeals has consistently held that under this and section 1730 (which fixes fees specifically for keeping and dieting both county and city prisoners at the same rate) the jailer is entitled to the same fee for city prisoners as for county prisoners, that a contract to keep city prisoners at any other than the statutory rate is contrary to public policy and void, that a jailer can not estop himself from claiming full payment for keeping and dieting city prisoners, and that where part of such compensation was withheld under an illegal agreement he could recover (*City of Winchester v. Azbill*, 225 Ky. 389; *Mack v. City of Mayfield*, 239 Ky. 420). In view of these decisions, it is interesting that four jailers (Table I), or 6 per cent, reported fees less than the statutory rate of $1.00 for keeping city prisoners in 1933. For 1934, although the legal fee has been reduced to $.75, eight jailers claimed to be getting more for city prisoners; and one agreed to keep city prisoners for $.50 a day—half what was paid the previous year.

---

[1] Upon inquiry at the office of the state auditor of public accounts where bills for keeping state prisoners are audited before payment, it appeared that, although county jailers frequently submit erroneous bills under a misapprehension as to the proper fee to which they are entitled, such bills are corrected before being paid.

PER DIEM FEES: FEDERAL PRISONERS

The greatest variation occurs in the fees reported for keeping and dieting federal prisoners. Although the statutes give permission to the United States to use the jail of any county, no specific fee is set out for such use (*Kentucky Statutes*, sec. 2227). The courts, too, are rather vague on the point, since no case appears to have ever come up on the specific point of the proper fee to be charged for keeping and dieting federal prisoners. However, the court of appeals has handed down at least two decisions which appear to point the way to a proper interpretation of the law with regard to federal prisoners. In the case of *City of Winchester v. Azbill*, the court said:

> It is a general rule that an agreement by an officer to accept less than the fixed salary of an office to which he is elected or appointed for his compensation is void, as against public policy.
>
> The reason for this rule is especially apparent in the case of jailers. One of the important duties of the jailer is to properly care for and diet prisoners committed to his care and the fees allowed him are an incentive to the faithful performance of such duty. If he should be permitted to contract with a city to keep and diet its prisoners at a rate less than that fixed for state and county prisoners, the temptation would be present to less faithfully perform this duty as to all the prisoners, and thus defeat the purpose of the legislature in fixing the fees at a stated sum. . . . The legislature undoubtedly had such a contingency in view when sections 2227 and 2228 of the Kentucky Statutes were enacted. Section 2227 reads in part: "The United States shall have the right to use the jail of any county by paying the jailer the same fees, allowed by the laws of this state."
>
> Section 2228 reads: "Any city or town shall have the right to use the jail of the county in which it is situated by paying the jailer the same fees allowed by the state. . ."

Also the case of *Holland, Jailer, v. Fayette County*, 240 Ky. 37, when read in the light of the statutes just referred to, seems to bear out the conclusion that the Kentucky general assembly intended that the fee for keeping federal prisoners in county jails of the state should be the same as that allowed for city and county prisoners.

The United States marshals for the eastern and western districts of Kentucky, located at Covington and Louisville respectively, act as agents for the federal government and take care of bills for keeping federal prisoners submitted by county jailers of the state. A letter was sent to each of these marshals asking them "what fee is allowed Kentucky county jailers for keeping federal prisoners, the basis for determining such fees, and any variations as between specific counties, if such variations exist in the fees allowed." The marshal for the eastern district replied simply that "the government pays a fee of $.75 per day to the jailers of this federal district for keeping federal prisoners."

The marshal for the western district replied more fully. He stated with regard to the fee for keeping federal prisoners that:

> The state of Kentucky provides a per diem of seventy-five cents per day, and they are adhering close to the rule in the western part of the state, so it leaves us in a position to either comply with their wishes or do without the use of their jails.
>
> The government, as a rule, grades those jails and writes the contracts on a per diem base according to the service rendered, but with the enactment of this Kentucky law regulating those fees, it leaves us up to the mercy of the jailer as to whether they will hold rigid to the fees set by the state or make a better bid for the business.

Later this marshal said that he did not know of any national statutory fee for jail service and that he had not been provided with any set rule by either the state or the federal government. He said, further, that the department of justice has inspectors who examine the various jails of the country and classify them as to fees for keeping federal prisoners on the basis of what they think the service is worth, and added:

> Some of these jails are based as low as 50c and run from that up to 75c per day, and it is the desire of the department of justice to contract on the basis of the merit of the jails.
>
> Some time in December of last year the jailers throughout Kentucky had a meeting in which they all agreed not to accept federal prisoners for less than 75c per day, and since that understanding with the various jailers, we have not been able to contract with any of them for less than that amount.

From these remarks by the United States marshal and from data available as to actual fees received by the various county jailers, it is apparent that the fixing of fees for keeping federal prisoners in Kentucky depends upon a bargaining process. It seems rather clearly apparent also that the contracts between the department of justice and the county jailers for keeping prisoners at rates less than the fee fixed by statute are without legal sanction.

The replies of jailers with regard to fees for keeping and dieting federal prisoners in county jails of Kentucky are shown in Table II.

OTHER FEES

In addition to fees for keeping and dieting prisoners, county jailers in Kentucky have other sources of income—some of them quite lucrative in certain counties. Since the adoption of the present constitution in 1891, a fee of $.60 has been allowed for imprisoning and releasing any prisoner.

Since 1891, also, jailers have been allowed a fee of $2.00 for each day they attend circuit, county, or quarterly court (*Kentucky Statutes*, secs. 356, 1730). This fee has been interpreted by the court as covering such services as producing, guarding, and returning prisoners, and fulfilling other duties as an officer of the court. From detailed investigation of the financial affairs of some twenty counties, specific instances have been observed where the jailer is allowed $2.00 per day also for attending meetings of the fiscal court, though no such fee appears to be authorized by the statutes. The jailer is not *required* by law to attend these various courts, but compensation is authorized in case he does choose to be present. The logical reason for paying both the jailer and the sheriff for rendering practically identical services to the courts is not apparent. The sheriff has no option in the matter; he is required to attend by section 4587, *Kentucky Statutes*.

TABLE II

VARIATIONS IN FEES FOR KEEPING FEDERAL PRISONERS REPORTED BY KENTUCKY JAILERS

Per diem fee received for keeping federal prisoners	*Number of jailers reporting each rate*			
	Year 1933		*Year 1934*	
	Number	*Per cent*	*Number*	*Per cent*
$0.60	16	24.3	17	25.8
.65	1	1.5	1	1.5
.75	22	33.3	22	33.3
1.00	3	4.5	1	1.5
None kept	24	36.4	25	37.9
Total	66	100.0	66	100.0

It would seem that the only possible occasion when the services of the jailer might be really required in addition to those of the sheriff would be in the case of a criminal trial where a prisoner must be brought before the court and guarded during trial.

FEES FOR FUEL, LIGHT, AND WATER

A lucrative—and in most counties, unjustifiable—source of revenue to county jailers is the fee of $2.00 a day allowed for furnishing fuel, light, and water to circuit, county, and quarterly courts (*Kentucky Statutes,* secs. 356 (4), 1730). This fee, along with its companion fee for attending court discussed above, has come down from the earliest history of the commonwealth and has been left unchanged in amount since 1873. In 1932, the state auditor of public accounts denied that jailers were entitled to a sum not exceeding $2.00 a day for furnishing fuel, light, and water to circuit courts regardless of whether they had paid for the supplies and of the fact that the courtrooms were warmed by a furnace heating the entire building, and refused to pay any claims for such alleged services. Thereupon, a suit was filed on behalf of the jailers seeking to determine their rights; and the court of appeals handed down a decision on March 14, 1933, in the case of *Talbott, Auditor of Public Accounts v. Caudill et al.,* 248 Ky. 146. The court held that the jailer is entitled to a reasonable fee—which automatically means, in actual practice, $2.00 a day—if he does anything at all toward making heat, light, *or* water available to the circuit court.[2]

EXPENSES ALLOWABLE AS DEDUCTIONS

Section 246 of the constitution of Kentucky provides that no public official of the state, except the governor, shall be allowed to retain more than $5,000 a year as personal compensation above the compensation of legally authorized deputies and assistants. Although the statutes are somewhat vague on the point, the principle has been well established in the courts that a jailer may be required by his fiscal court to render a full and complete report of all fees and other perquisites received on account of his office and the expenses pertaining thereto and that he may be required to refund to the county any earnings in excess of the constitutional limit of $5,000 *(Holland, Jailer, v. Fayette County,* 240 Ky. 37; *Boyd County v. Boyd Fiscal Court,* 247 Ky. 183; *Breathitt County v. Cockrell, Jailer,* 250 Ky. 743). The statutes are practically silent when it comes to the question of what items may be allowed as deductible expenses in ascertaining the earnings of jailers, and few cases in point have come before the courts. In the case of *Taylor, County Jailer, v. Todd,* 241 Ky. 605, the court held that no allowance could properly be made to the jailer in his settlement for the employment of a matron or a bookkeeper; however, the jailer could, with the approval of the county court, appoint a properly qualified deputy or deputies and pay *reasonable* compensation for such services.

---

[2] Besides rural counties in which the jailer actually does furnish fuel, light and water to the courts when in session, only one case has been observed in which the jailer really earns the fee allowed by this statute. In McCracken County the courthouse is heated by steam, lighted by electricity, and supplied with water from the city system; and a janitor is provided by the fiscal court to clean and take care of the building. However, the janitor refuses to perform or render any services in the vicinity of the circuit court room and the judge's office, jury rooms, and halls in connection therewith. The jailer supplies janitor service for that section of the courthouse, and he is required to furnish his own brooms, sanitary supplies, etc., necessary to keep that part of the building clean and in order. The McCracken county jailer complains that he has to spend more for extra labor and supplies to take care of the circuit court rooms than he receives in fees for rendering that service.

A more specific case, relating to the allowable expenses of *sheriffs,* was decided (1925) in *Commonwealth, for Use, etc. v. Nunnelley,* 211 Ky. 409. In this case, the court held that the reasonableness of both the number of deputies employed by the sheriff and their compensation might be questioned and determined by the court. With regard to other expenses, the court held that in view of section 1840, *Kentucky Statutes,* and in the absence of specific statutory authority, the following items were not properly allowable as expenses in determining the excess earnings of the sheriff: premiums on official bond, $429.00; expenses of deputies in making arrests, $100.00; post office box rent, $9.00; advertising, $250.00; expenses of automobile, $1,100.00; stamps, stationery and books, $75.00; taking up and destroying dogs, $200.00; and incidentals, $500.00.

Of the twenty counties which have been investigated, detailed reports of the receipts and expenses of sheriffs and jailers have been filed only in McCracken County during the last four years. The sheriff there reported his earnings only for the one year, 1930. Among other things, he was allowed to deduct as expenses the following items in calculating his earnings: expense of automobiles, $3,000.00; office expenses, $1,000.00; and attorneys' fees, $400.00. In view of the decision in the case discussed above, it would seem that all of these items amounting to $4,400.00 were illegally allowed and may be recovered by the county.

The jailer of McCracken County filed a report of his earnings for every year from 1930 to 1933 inclusive. The following items, among others, were allowed as deductible expenses in calculating his excess earnings each year:

	1930	1931	1932	1933
Stationery and supplies	$150.00	$150.00	$150.00	$100.00
Auto upkeep, repairs, gas and oil, tires	300.00	500.00	400.00	———
Automobile	500.00	400.00	———	———
Bond premium	15.00	15.00	15.00	15.00
Extra help at jail and courthouse	———	150.00	150.00	150.00
Total	$965.00	$1,215.00	$715.00	$265.00

On the basis of the decision of the court rendered in the cases of *Taylor, County Jailer, v. Todd and Commonwealth, for Use, etc. v. Nunnelley,* it appears to be a reasonable assumption that the jailer was not entitled to credit in his settlement for the items listed above as expenses, and that McCracken County can recover a total of $2,895.00 covering the years 1930, 1931, and 1932. The items which appear to have been illegally allowed as expenses in 1933 (amounting to $265.00) are not important since the jailer lacked $1,725 of making his possible $5,000 that year anyhow.

Two things should be borne in mind in connection with the earnings of jailers in Kentucky. In the first place, detailed reports of receipts and expenses are not submitted in most counties. In the second place, such reports as are made are often either too much condensed in form to be of much value, or else the detailed figures are so obviously padded as to be practically worthless. It will be noticed that in the McCracken County reports mentioned above nearly all the expense figures are round numbers — usually multiples of $50 — and in his 1930 report the sheriff listed an item of $1,000 designated simply as "other receipts." Also, the expense items show a strange tendency to fluctuate up or down, or even to disappear altogether, as the receipts go up or down.

APPENDIX

KENTUCKY COUNTIES WHICH REPORTED PER DIEM JAILER'S FEES OUT OF LINE WITH STATUTORY OR STANDARD RATES (Fees out of line in *italics*)

County and County Seat	*1934 Rates*				*1933 Rates*			
	County	*City*	*State*	*Federal*	*County*	*City*	*State*	*Federal*
Adair—Columbia	$ .75	$ .75	$1.00	$ .75	$1.00	$1.00	*$1.00*	*$1.00*
Anderson—Lawrenceburg	.75	.75	1.00	*.60*	1.00	*.75*	.75	*.60*
Ballard—Wickliffe	.75	.75	1.00	*1.00*	1.00	1.00	.75	.75
Boone—Burlington	*1.00*	none	1.00	none	1.00	none	.75	none
Boyd—Catlettsburg	.75	none	1.00	*.60*	1.00	none	.75	*.60*
Bracken—Brooksville	.75	.75	1.00	*.65*	1.00	1.00	*1.00*	*.65*
Breathitt—Jackson	.75	*1.00*	1.00	*.60*	1.00	1.00	.75	*.60*
Butler—Morgantown	.75	.75	*.75*	.75	1.00	1.00	.75	.75
Campbell—Alexandria	.75	.75	*.75*	*.60*	1.00	1.00	*1.00*	.75
Carter—Grayson	.75	.75	*.75*	*.60*	1.00	1.00	.75	*.60*
Christian—Hopkinsville	.75	*1.00*	1.00	.75	1.00	*.60*	.75	*.60*
Daviess—Owensboro	.75	.75	1.00	.75	1.00	1.00	.75	*.60*
Estill—Irvine	.75	.75	1.00	*.60*	1.00	1.00	.75	*.60*
Fayette—Lexington	.75	none	1.00	.75	1.00	none	.75	*.60*
Floyd—Prestonsburg	.75	.75	1.00	*.60*	1.00	1.00	.75	.75
Garrard—Lancaster	.75	.75	1.00	*.60*	1.00	1.00	.75	*.60*
Greenup—Greenup	.75	*.50*	1.00	none	1.00	1.00	.75	none
Hardin—Elizabethtown	.75	.75	1.00	none	1.00	*.75*	.75	none
Harlan—Harlan	.75	.75	1.00	*.60*	1.00	1.00	.75	*.60*
Jefferson—Louisville	1.00	1.00	1.00	.75	1.00	1.00	*1.00*	.75
Knox—Barbourville	.75	*1.00*	1.00	*.60*	1.00	1.00	.75	*.60*
Larue—Hodgenville	.75	*1.00*	1.00	.75	1.00	1.00	.75	.75
Leslie—Hyden	.75	none	1.00	.75	1.00	none	*1.00*	.75
Madison—Richmond	.75	*1.00*	1.00	*.60*	1.00	1.00	.75	*.60*
Magoffin—Salyersville	.75	.75	1.00	.75	1.00	1.00	.75	*1.00*
Marion—Lebanon	*1.00*	none	1.00	none	1.00	none	.75	none
Martin—Inez	.75	.75	*.75*	none	1.00	1.00	.75	none
McCracken—Paducah	.75	none	1.00	.75	1.00	none	.75	*.60*
McCreary—Whitley City	.75	none	1.00	*.60*	1.00	none	.75	.75
McLean—Calhoun	*1.00*	.75	1.00	none	1.00	1.00	.75	none
Menifee—Frenchburg	.75	none	1.00	*.60*	1.00	none	.75	*.60*
Muhlenberg—Greenville	.75	*1.00*	1.00	.75	1.00	1.00	.75	.75
Owsley—Booneville	.75	none	1.00	*.60*	1.00	none	.75	*.60*
Powell—Stanton	.75	*1.00*	1.00	*.60*	1.00	1.00	*1.00*	*1.00*
Rockcastle—Mt. Vernon	.75	.75	1.00	*.60*	1.00	1.00	.75	*.60*
Rowan—Morehead	.75	*1.00*	1.00	*.60*	1.00	1.00	.75	.75
Shelby—Shelbyville	.75	.75	1.00	none	1.00	*.75*	.75	none

Effective Citizenship Training

Students at University of Toledo are using the laboratory method to learn "the great game of politics," participating actively in local political campaigns

O. GARFIELD JONES

University of Toledo

IN 1919 a course was started at the University of Toledo with the specific objective of training for effective municipal citizenship. This first class included a successful ward leader of the Toledo Republican organization and also the secretary of the Toledo Commission of Publicity and Efficiency. The class discussions revealed the tremendous gap between the thinking of these two experienced men and that of the younger members of the class. Since these two men of experience were not the best text students nor possessed of the highest I.Q., the difference in practical clarity of thought was obviously due to their greater contact with the realities of politics and administration. From this first year's experience in teaching this course the instructor arrived at the firm conviction that a college course in citizenship training needs the assistance of the laboratory method just as much as a beginning course in chemistry, biology, or physics in order to establish this minimum of political science instruction upon the bed-rock of reality.

All instruction is either by the authoritarian or by the laboratory method. The authoritarian method is rapid and quite economical of time, energy, and money since it consists of telling the student about structure and function either by oral lectures, by written lectures in the form of texts, by demonstration, or by problems where the answer to the problem is based on authority. The limitation of this method is the inevitable limitation of words as a synthetic substitute for experience.

The laboratory method consists of the student's own first hand experience in a real, not a pseudo-real situation. Its merit is that it is genuine, actual, and at its best gives the student real insight into social phenomena first, because the student sees directly instead of through the colored glasses of the teacher or text writer; second, because the student feels immediately instead of through the delayed and distorted medium of the teacher's nervous system. The laboratory method tends to destroy preconceived notions by virtue of its fundamental validity. Its limitation is that it is slow, frequently quite expensive both in money and energy, and, if not properly directed, may increase prejudice and create misconceptions because of the student's inability to distinguish between the accidental and the typical. This latter, however, is only another way of saying that laboratory work must be well supervised if it is to serve educational purposes.

We have attempted to test the influence of our effective citizenship course on the political behavior of our alumni.

In 1927 a questionnaire was sent to the alumni who had been out of college from three to nine years. Some of these students had been away at professional schools for two, three, or four years of this period, and there were other reasons why these data are not as conclusive as might be desired. With these reservations the voting statistics are given for what they may be worth.

Per cent of alumni who voted in elections and primaries

	November Election	State Primary	Municipal Primary
Pharmics	71%	52%	43%
Engineers	65%	45%	49%
(Did not have citizenship course)			
Arts and Education	75%	59%	59%
(Did have citizenship course)			

Note—At present all students in all the colleges at the University of Toledo are required to take the Effective Citizenship course; two hours a week for one year.

Up to the present men tend to vote more than women in the United States (and in Toledo), and since the pharmics and engineers are nearly all men these statistics are more comparable if the voting of the pharmics and engineers is compared with the voting of the men from the colleges of arts and education.

	November Election	State Primary	Municipal Primary
Pharmics	71%	52%	43%
Engineers	65%	45%	49%
Arts and Education men	76%	69%	63%

Although the women who had this effective citizenship training voted only 44 per cent of the time in the state primary as compared with 69 per cent for the men, these women with this citizenship training made a much better showing than women in general in the better wards of Toledo where a specific check showed that less than 20 per cent of the registered women voters actually voted in the state primary of 1928.

Another bit of illuminating data from these alumni questionnaires had to do with the alumni's own evaluation of the four different phases of this effective citizenship course. The particular question read, "What part of the course have you found to be most beneficial to you since leaving college?"

The preferences indicated were as follows:

A.	Text work (on municipal government)	57
B.	Group leadership training (parliamentary procedure)	54[1]
C.	Laboratory work in politics (precinct report)	30
D.	Laboratory work in administration	19
E.	Toledo's political history (four recitations only)	17

CAMPAIGN FOR UNIVERSITY FUNDS

In July, 1928, the board of trustees of the University of Toledo asked the citizens of the community to approve a bond issue of $2,850,000 with which to buy a new campus and new buildings. By charter requirement this had to go on the November ballot. In August the alumni under the leadership of their president, Mr. Virgil Sheppard, began a ward organization for this campaign. When school opened in September the student body was included in the organization. Dean MacKinnon worked nights getting out precinct and block lists of all the present and former students. Precinct maps were mounted on cards for each precinct captain. The general staff, consisting of President

---

[1] It was the high appraisal of this group leadership work by these alumni that encouraged the instructor to write his group leadership manuals during the next two years. (Junior Manual, Senior Manual, and Parliamentary Procedure at a Glance. D. Appleton, Century Co., 1933-1934.)

Doermann, Virgil Sheppard, and the writer, attended all the ward meetings.

Two weeks before election a house-to-house canvass was made in some three hundred precincts by the students under the leadership of alumni captains. A large city map in university hall was marked off in red by blocks as each block was polled. The students proved to be excellent campaigners, meeting arguments on the field of battle as ably as the most experienced political workers. Just one brief folder of information was used to show the need for new campus and buildings and to indicate the proposed allocation of funds for campus, buildings, and equipment.

On election day there were two workers at every voting booth except in three wards where the vote has always been against bond issues of any kind. Intensive work in such hostile areas serves only to remind hostile voters to vote against your proposal. Each worker had marked ballots to give the voter to serve as a guide in marking the official ballot. Students, alumni, and faculty were all on duty before the day was over. The state law requires a 55 per cent majority for such bond issues: the final returns showed a 57 per cent vote for the university bond issue in spite of the fact that one ward went three and a half to one against it and another went three to one against it.

WORK FOR NEW CITY CHARTER

In 1927 the voters elected a city charter commission to draft a city manager charter for Toledo. This charter came before the voters in 1928 for approval. It provided for a city manager and a council of nine elected by the Hare system of proportional representation. The charter was defeated primarily because the voters were not sufficiently dissatisfied with the existing form of government to make the change. Because so many people thought the 1928 city manager charter would have been adopted had it not had the P. R. provisions, a city manager amendment was put on the municipal ballot in 1931 with provisions for a council of nine, four to be elected at large and five by districts. This amendment was defeated more decisively than the 1928 charter.

By January 1934 the city of Toledo was in such a bad financial situation that there was wide-spread dissatisfaction with the existing form of city government—a highly centralized administration under an elective chief executive and a council of twenty-one elected by wards. Although the bad situation was due quite as much to bank failures, closing down of the largest industry, the Willys-Overland plant, and to a large reduction in the tax duplicate accompanied by much tax delinquency, the feeling was quite general that if Cincinnati could do so well during the depression under a city manager government Toledo could at least better its condition under such a modernized system.

In the fall of 1933 the Toledo *Blade*, the *News-Bee* and the *Times* took the lead in advocating a city manager amendment. Early in 1934 a group of citizens under the leadership of C. F. Weiler, president of the Toledo Commission of Publicity and Efficiency, got together and drafted a charter amendment providing for a city manager with a council of nine elected at large by proportional representation. This was essentially the same as the Cincinnati charter and also essentially the same as the P. R. charter defeated in 1928.

A CLASS MEMORIAL

At the senior banquet the last week in May the senior class at the University of Toledo voted as a class memorial to help get signatures to place the city manager amendment on the November ballot. They had no funds for the more obvious types of class memorial but they had knowledge of forms of government, they had the urge to be effective citizens, and they had ample time just ahead because pay jobs were so scarce for the summer. At the alumni banquet the Friday night before commencement the writer of this article issued a challenge to the alumni to work for a "New Toledo" in 1934 just as they had worked for a "New University" in 1928. Since the city manager amendment initiative petitions were not ready until after commencement, the senior class had joined the general body of the alumni before the alumni started their ward organization for the petitions campaign.

The paid staff for the petitions campaign consisted of a former newspaper man, a woman active in the League of Women Voters, and two university girls. The statistics on signatures secured in this petitions campaign, June to September first, are as follows:

Number of signers	21,644
Number of persons who circulated and returned petitions	342
Alumni and students who circulated and returned petitions	174
High school students who circulated and returned petitions	6
Signatures obtained by Toledo University group	12,566
Alumni other than class of 1934	2,261
Class of 1934	2,369
Undergraduate students	7,530
High school students	406

This city manager-P. R. amendment carried in the November election by a vote of 33,229 to 28,014, a majority of 54.4 per cent.

The citizenship course at the University of Toledo attempts to teach only the two fundamental political processes, politics and administration. Politics, however, includes two somewhat different processes, namely, policy determination at the ballot box and policy determination in a deliberative assembly. This latter process involves the use of the parliamentary procedure technique. For the study of this process the class itself serves as the deliberative assembly laboratory.

In May each year each class is organized as a charter convention in order to integrate the various phases of the course into a composite technique for effective citizenship. Up to 1934 these conventions were always city charter conventions since the institution through which they study these political processes is the city of Toledo. (Precinct political behavior is essentially the same in all elections.) In May of 1935, the nine citizenship classes were organized as nine county charter conventions both because a new city charter had just been adopted and not yet given a trial, and because a county charter commission elected the previous November was at work drafting a home rule charter for Lucas County.

Although the students did not have much background knowledge of county government (they had been studying city government) they showed a more vital interest than usual in these county charter conventions. In the first place this county charter drafting was a job of pioneering in virgin soil so far as Ohio is concerned; secondly, the daily press was giving extensive publicity to county charter proposals; and thirdly, the excellent report of the governor's commission on county reorganization in Ohio went a long way toward supplying the background of county government needed by the student drafters.

The two regular instructors for these citizenship courses were quite involved in the campaign for the reorganization of county government since one of them was an elected member of the Lucas County Charter Commission while the other was the hired draftsman of the commission. This tie-up with the immediate campaign is probably too close for the most satisfactory conduct of a citizenship course. After all, there is some fundamental truth in Shaw's ironic remark that "those who can do things do them, those who can't, teach them." An instructor should have some (but not too much) personal detachment from the day-by-day clashes over public policy. A university is fundamentally an educational institution, not a political organization.

The highest compliment paid to this effective citizenship course was from an experienced teacher of high school history who has served his commonwealth in both the lower and upper chambers of the Ohio legislature. He said one day, "Professor, you are teaching representative government instead of merely teaching about it."

Charles A. Beard says, "Statecraft is by nature a form of action directed to ends." By this same token citizenship training should be at least the irreducible minimum of training for "action directed to political ends." Three minimum essentials for such a citizenship course should be: first, to develop the urge to be effective members of the body politic; second, to achieve a basic insight into the politics and administration of a particular time and place; and third, to receive some training in the basic techniques for being effective in group activities.

MUNICIPALITIES AND R. E. A.

(Continued from Page 267)

creasing the ratio of gross income to capital investment.

Cities which accept the responsibility of providing electric service to the farmers living within their natural trading area find their initiative repaid in greater commercial prosperity. Linked to the city by the distribution lines, farmers on all sides develop a sense of community solidarity that was impossible before.

In such opportunities as those described, REA particularly invites public groups to share.

YOU AND YOUR GOVERNMENT

Broadcast each Tuesday, from 7.45 to 8.00 P. M., eastern daylight saving time, over the red network and affiliated stations of the National Broadcasting Company.

May 12

"The Constitution and Social Security." John G. Winant, Chairman, Social Security Board; former Governor of New Hampshire.

May 19

"The Rights Reserved to the States and the People." William L. Ransom, President, American Bar Association.

May 26

"The Delegation of Powers." John Dickinson, Assistant U. S. Attorney General; Professor of Administrative Law, University of Pennsylvania.

June 2

"Personal Liberty." John W. McCormack, Member of Congress, 12th Massachusetts District; Roger N. Baldwin, Director, American Civil Liberties Union.

June 9

"The Living Constitution." Charles A. Beard, Author; former President, American Political Science Association and American Historical Association.

These broadcasts are presented by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association in coöperation with the American Academy of Political and Social Science. For further information address the Academy at 3457 Walnut Street, Philadelphia.

Personnel: The Executive's Responsibility

"The preeminent task of management through all the various channels of production is the direction of activities of human beings."— Oliver Sheldon

WILLIAM E. MOSHER

Director, School of Citizenship and Public Affairs, Syracuse University

THIS paper aims to make a contribution to the developing science of public management. It springs from the conviction that there is no more promising field for municipal progress than that of raising standards of personnel efficiency, and further, that no problem of comparable importance has been so consistently overlooked by those interested in improving public administration.

The explanation of this neglect is that no major administrative problem is so difficult of solution and none whose solution calls for such a downright break with established practice. But when it is considered that nearly one-half of all municipal expenditures take the form of pay checks, it is clear that an intelligent and constructive attack on the personnel problem will amply repay the effort.

Whatever individual factors may enter into a forward-looking program for public employees, the writer is convinced that if a single factor is more essential than any other it is the personal and continuous participation of the chief executive in personnel management. Without positive leadership and ever ready support on his part progress along personnel lines will be but haphazard and probably transitory.

Let the progressive business executive serve the governmental executive as a guide. The former no longer takes employment conditions for granted nor does he depute responsibility for them to a subordinate staff member. He rather accepts "man-management," as it has been termed, as an integral part of the task of management and one worthy of his own constant attention and thought. Motives, incentives, and interest of the working force are becoming part and parcel of his everyday thinking. They are no longer symbols of vague and shadowy things. They stand for something intangible but no less real. Only recently morale, a thing of the spirit, was foreign to the executive's vocabulary and thought, while today he counts it among his most precious business assets.

Of this development public officials have unfortunately taken but little account. There is, for example, no definition of the duties of mayor or governor known to the writer that lists staff and personnel management as a prime task of such executives. Nor are there records of the administration of individual public executives, which would warrant the conclusion that this has been considered a task worthy of the direct and sustained attention of the highest official.

Such indifference has not been due to the fact that personnel conditions in the public service have been satisfactory. Quite the contrary is known to be the case. When Franklin K. Lane withdrew from the headship of the Interior Department he issued the statement that might well have gone forth as a challenge to the great body of public executives. The gist of the indictment is found in the following sentence:

> Everyone seems to be afraid of every one [in the government service]. The self-protective sense is developed abnormally, the creative sense atrophies. Trust, confidence, enthusiasm — these simple virtues of all great business— are the ones most lacking in government organization.

The qualities conspicuous for their absence in the public service are the accepted goal of a small but growing group of managers in private enterprise. It is this same group which have come to believe that personnel management cannot be deputed to subordinates but must be under the control and supervision of the highest official. It is manifestly easier to bring this about under the conditions of private than of public business.

The factors more or less peculiar to the public service are six in number. They are: (1) limited tenure of office of executive and his staff of departmental heads, (2) comparative security of tenure of subordinates and rank and file, (3) distribution of responsibility between administrators and the civil service commission, (4) relatively inferior quality of recruits due to unsatisfactory reputation of the "civil service" as a career, (5) more or less extensive area of operation of personal and political influences, and (6) absence of a common motive. When taken altogether these factors have operated to bring about what may be called "the civil service tradition." A brief analysis follows:

A SHIFTING BODY OF DEPARTMENTAL HEADS

One of the peculiarities of American government as compared with foreign countries is our readiness to commit far-reaching and intricate problems of management to men of no previous practical experience in the field concerned. In both city and state it is customary to replace important officials in charge of operation when the political tide turns. This reference is not so much to officials responsible for determining policy, who properly come and go with changes in administration, as to those charged with execution of policy.

A striking illustration was brought to the attention of the public not long ago when an enterprising reporter compiled a list of eight hundred positions carrying an aggregate annual salary of $1,000,000, which were to be filled by the incoming chief executive of one of our largest states. This list included, it is true, a limited number of policy-determining positions, but it consisted also of administrative positions of a more or less technical character as well as many subordinate ones which by no stretch of the imagination could be called policy-determining. It should be added that the state in question has long operated under a civil service law and that the customary percentage of the positions on the payrolls are under civil service protection. Furthermore, the governor in question has good standards and would not be called even by his opponents a "spoils governor." He is simply following the established custom.

The losses resulting from this practice are many. From the viewpoint of personnel control it is particularly disastrous for the development of leadership which is one of the prime requirements of modern management. For it is evident that if the administrative heads are "birds of passage" they cannot gain such a grasp of the work of their organization as sound leadership demands. It may be taken for granted that the superior official cannot command the respect and confidence of his staff unless he also has a superior command of the staff's job.

There is, further, probably no single

factor that contributes so much toward the perpetuation of established routine and the consequent suppression of interest and initiative among the permanent workers of the staff as the lack of qualities of leadership and initiative on the part of the changing departmental heads. The proverbial tenacity of governmental "red tape" is therefore to be charged in part at least to this account.

These results of the customary practice of changing operating heads with a change of administration greatly complicate the problem of developing a constructive and progressive personnel program. It seems obvious that no one less than the chief executive himself can grapple with this problem with any hope of success. His will be the function of launching the policy and then stimulating the members of his staff to carry it out in their several departments.

TENURE OF RANK AND FILE

In marked contrast to the high turnover among the upper officials is the security of tenure among the rank and file of civil service employees due to the protection afforded by civil service laws. To not a few public office is a sinecure. Security of tenure goes far toward explaining the "government stroke," as civil service efficiency is picturesquely described in England. It also explains the not uncommon lament of the public supervisory official that "he cannot do anything because of civil service." He may have the ultimate power of discharge so far as the law goes, but as the record of removals during or after the probationary period shows he is not accustomed to use it.

A British writer has well observed that human beings are so constituted that they cannot be held at their best without the more or less constant application of some stimulus. Among the most potent stimuli to effort he names hope and fear. In dealing with the problems of a government office in which he had some experience during the war, he states that these two stimuli are conspicuous for their absence. This observation is not inapplicable to the municipal conditions in this country. Annual reports showing the number of dismissals and suspensions in any given city indicate that security of tenure is not merely a phrase. Neither are salary increases and promotions ordinarily so handled that they inspire hope or fear.

CIVIL SERVICE COMMISSION

A third factor that has contributed to bring about the existing "civil service tradition" is met with in most of the large cities of the country in the form of the civil service commission as the employment agency of government.[1]

In our attempt to analyze and evaluate the factors that have brought about the "civil service tradition" we are bound to point out that the problem of management has been greatly complicated by the existence of this semi-external and so-called nonpartisan employment agency. The assignment of checking power to the civil service commission has caused a division of control in the personnel field that has proved to be harmful. Lack of contact and coöperation with operating heads is far from being the exception that proves the rule. Indeed, it is not unusual to find that the attitude of the latter toward the former is one of toleration, and not infrequently one of outspoken intolerance.

Evidence of this came to my attention not long ago when a friend and advocate of the civil service commission and one widely acquainted with its operations expressed himself in the following manner: "Department heads coöperate with them [successful civil service administrators] because they have to, not because they want to, and the instant their firm hand is removed most department heads will largely or entirely cease to coöperate."

---

[1] Fifty-four of the sixty-eight cities of 100,000 and more inhabitants have civil service control in one or more branches of the service.

The writer considers these sentiments to be an extreme statement. He believes that numerous cases may be cited where there has been fairly close coöperation between commission and administrative officers, but must concede that this has been due in many instances to the fact that the commission is aiming to accomplish what the executives wish and thus ceases to perform even the protective functions with which it is charged.[2]

In a few noteworthy instances, however, there has been developed that wholesome coöperation that is a condition *sine qua non* of successful personnel administration. What is significant for our thesis is that analysis shows that in most of these cases the commission has had the sustained backing of the chief executive. The following instances may be cited: Chicago between 1905-1915, Milwaukee, Wisconsin, Los Angeles County, and the state of Maryland. This coincides with the opinion of a former chief examiner of Philadelphia who wrote that, "one of the most prominent facts in civil service administration so far is that its efficiency has depended so largely upon the attitude of the executive in power or perhaps his party."

Where there has not been such backing the lack of contact and thus coöperation between commission and administration has been the order of the day. This explains why many important personnel functions have fallen between two stools as it were.

The conclusion is justified that the assignment of the personnel function of management to a non-professional and presumably non-partisan employment agency greatly complicates the personnel situation, and constitutes an essential part of the problem involved in the "civil service tradition."

RECRUITING PROBLEM

The fourth factor is negative in character, but it forms an important element in the challenge of our problem. It has to do with the quality of the recruits which in the long run so vitally affects the quality of the service. The fact of the matter is that our country is unique among the enlightened countries of the globe that so little honor, distinction, and satisfaction attach to public service. With us the government does not offer a satisfactory career. It is not known as a good employer. This opinion will be confirmed by consulting vocational advisors in the public schools as well as in the college and university appointment offices. As a result only a few of our high grade young men and women enter the public service. The chances are that even they "happen" into it, rather than that they consciously plan for it. It is not recognized as a career in those circles from which the best recruits are drawn, and from which the government should draw its fair share of young people.

There is no graver problem in this whole field and, unfortunately, none to which so little consideration is being given. To solve it calls for the gradual upbuilding of a public sentiment favorable to governmental work. This can be brought about only by making thorough-going changes in the employment policy and its execution. If such changes are to be effective they must be initiated and stimulated by no one less than the chief executive.

POLITICAL INFLUENCES

The next factor lies behind all of the others. It has been the most potent of all. In many jurisdictions it still is the most potent of all. I refer to political and personal influences. According to Lord Bryce, "There is no great democracy of the world in which politics so influence administration as in the United States." If we appeal to our customary arbiter in matters of this sort, i.e., the average man in the street, we will find that he is of the opinion that politics lies back of all public administration and he is likely to accept this condition as inevitable. He would advise no one to enter public service unless he had a political pull. No diagnosis of the civil service tradition would be adequate that failed to take account of the pervading influence of partisan and personal politics. In varying degrees it affects every important employment stage from appointment to removal.

---

[2] Henry T. Hunt, formerly mayor of Cincinnati: "Civil service commissions, speaking broadly and generally, have come within control of executive officers and are decidedly lethargic with regard to their protective functions."

ABSENCE OF A COMMON MOTIVE

Before bringing this analysis to a conclusion, reference should be made to the absence of a common and an ultimate motive of work. It is upon this that loyalty to the organization, spirit, and morale are built. It is this which gives sense to a man's work and makes it worth while. Appreciating this, the alert business manager knows that the pay envelope is not the end-all for his workers. He is therefore delving more and more into such intangibles as human motives; he is studying human incentives. If he belongs to the socially-minded group of managers, he gives a proper place to the social instincts of his working force and interprets production in terms of service to the community. When made effective, this appeal puts the drudgery of the day's work on a new level, depriving it of much of its tedium and adding dignity to the common task.

This may sound like simon-pure sentimentalism to some of our readers, but contact with outstanding managers in the public utility field as well as with some of the leading industrial managers and engineers will convince the skeptics that the motive of service and social benefit is being systematically cultivated and that it is proving to be a potent force in the conduct of many large scale enterprises.

It is a striking phenomenon that governmental executives have availed themselves so little of the stimulating power of the service motive. With them profits are not a driving motive. Being engaged in rendering direct service to the public, their reason for being is social in character. But so far as the writer knows there has been, apart from Mr. Hays in the post office department, no openly avowed and sustained effort on the part of a prominent chief executive to animate his working force by an appeal to the service ideal. The army didn't hesitate to create a morale division in time of war and it does not hesitate to continue it in time of peace, but there is no counterpart of that division nor of its function in that great spread of civil work being performed under the name and responsibility of government, whether local, state or federal.

A SOLUTION

Such are the chief elements in the "civil service tradition." Such is the challenge and the problem that confronts public management. To solve it requires statesmanship of a high order. The dead hand of tradition, a positive and a persistent force must be removed. Intangibles such as mental inertia and the "government stroke" must be attacked. Official prerogatives and traditional authority must be quietly ignored. Personnel administration must be coördinated across functional lines in spite of resentment and the charges of "interference" that may ensue. Finally—and this is the meat of the nut—meeting the challenge demands that the chief executive make personnel his personal and his daily problem.

The "finally" is the goal of the paper. We have set the problem. We now point to its solution. It is that any progress in the standards of the working force will be conditioned by and in direct proportion to the interest and the efforts of the chief executive. This task cannot be entrusted to separate department heads nor to subordinate agencies, nor to a segregated commission. The former may be good technicians but lacking in experience in handling large forces of men or lacking in the ability to arouse team spirit in a working force long since made unresponsive by routine work and the character of the executives in control.

On the other hand, special personnel agencies, whether a semi-external agency such as the typical civil service commission or the subordinate of the finance department as has been met with here and there, will not succeed in the long run. Personnel control is too vital a function to delegate to subordinates or to those who are not a "part of the works." Efficient personnel administration is of the warp and woof of efficient management. The head of the employment department must therefore be an official directly responsible to the chief executive. No lesser authority is capable of coördinating policy and practice across departmental lines. Just as functions formerly performed by the outside budget commission or purchasing committee are being centralized under the control of the chief executive, so must the segregation of responsibility for the personnel be done away with and this function also be taken under the control of the highest authority.

Specifically, the proposal requires that if the city is operating under a civil service law, as most of our large cities are, the head of the commission should be made a member of the mayor's cabinet and recognized as an equal by the other cabinet members. If there is no "civil service" an experienced employment official should be appointed by the mayor; he should be expected to report directly to him and be accepted as a member of his official family. Further, it should be required that the head of the employment work, whether under a civil service law or not, should be chosen as are other technical administrative heads, because he is equipped by training and experience to carry on the personnel work according to up-to-date and approved methods. If his policies are initiated with the staunch support of the executive and under the aegis of the latter's authority, there will be no danger of a lack of coöperation. By no other type of organization can the real and ultimate task of management, the problem of personnel, be met.

The future success of public administration is bound up in this program. The present extent and unavoidable extension of governmental functions which already touch upon our lives at all vital points, will sooner or later make it mandatory upon public authorities to make public service an attractive career. There must attach to it that same distinction that is met with in foreign city and state governments. This will not occur while what we have called "the civil service tradition" prevails.

NOTE.—The theme of the article above is developed in "Public Personnel Administration" by William E. Mosher and J. Donald Kingsley, to be published by Harper and Brothers about June 1, 1936.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

New York City's Charter Revision Commission Reports.— After working a year and a half the Charter Revision Commission created by the state legislature and appointed by Mayor La Guardia, has submitted a draft of a new charter for New York City to be voted on at the general election this fall. Hearings will be held upon it during the summer and it is subject to revision.

The basic form of the present government is retained in the proposed charter, the mayor is retained as chief executive officer and the board of estimate is continued, being made up of elected officials as at present. Instead of a board of aldermen of sixty-five members, the charter provides for a council of twenty-nine members—unless the voters adopt proportional representation which is to be submitted separately. (See p. 298 of this issue.) The president of the council is elected by the voters for a four-year term. Other councilmen serve two years.

The board of estimate gives over some of its law-making power now held as the upper branch of the municipal assembly to the new council. The council would initiate all local legislation and have the sole power, subject to the veto of the mayor, to pass on bills which do not amend the city charter or affect the running of the city departments.

The mayor's duties would be lightened by the appointment of a deputy mayor who would attend to many routine matters. The mayor is given the power, too, to appoint a city treasurer to head a new department of finance which would receive all city income, arrange for loans, and pay out city funds. Many of the present powers of the comptroller would be turned over to this department. The comptroller would become, in effect, the city's chief auditor, having the fullest powers of investigation and of check on payments. Among the proposed reforms in the city's fiscal policies is the setting up of a cash reserve to end all city borrowing in anticipation of taxes.

One of the innovations is the creation of a city planning commission to consist of the chief engineer of the board of estimate and six members appointed by the mayor serving for a term of eight years with their terms staggered so that one would be appointed each year. This commission would be charged with preparing and keeping up a master plan of the city. To it would be referred all public improvements, changes in the city map, and zoning changes which now come before the board of estimate. It would review all local improvements initiated by the local improvement boards and offices of the borough presidents. This commission is also given the power and duty of making a capital outlay budget, with the assistance of department heads, to be submitted to the board of estimate, the budget director, and the city treasurer each fall, containing a list of authorized capital improvements for the ensuing calendar year, together with a program for the ensuing five years. The capital outlay budget would be adopted by the board of estimate in much the same manner that it adopts the normal budget and items could not be added to it during the course of the year. The council could strike items out of the capital outlay budget but not add to it.

Borough autonomy is preserved in the new charter although the powers of the five borough presidents are reduced somewhat by the authority given the planning commission. Creation of a department of housing and buildings would take away further of the borough presidents' powers since, headed by an appointee of the mayor, it would replace both the tenement house department, now city-wide, and the five building bureaus of the borough presidents' offices, the heads of which are now appointed by the borough presidents.

The charter provides a limited initiative, by petition of 100,000 qualified electors, for the submission of charter amendments. According to the report of the charter commission, this initiative is broad enough to admit of the submission of broad questions of principle, but does not permit the initiative of matters of administrative detail.

G. S.

*

Council-Manager Plan Developments.—Racine, Wisconsin (67,542), defeated a proposed manager charter on April 7 by a vote of 9,631 to 8,164. Calais, Maine (5,470), also defeated a manager charter on April 6 by a vote of 1,025 to 646.

Petitions containing 15,000 signatures, calling for the submission to the people of the recently drafted council-manager charter, have been filed with the city council of Columbus, Ohio, (population 290,564), but the council has decided not to submit the plan on May 12 as previously planned, according to the *City Managers' News Letter.* At the annual meeting in Dover-Foxcroft, Maine, (3,750) on March 16 the selectmen were authorized to petition the legislature for a council-manager charter. In Fort Lee, New Jersey, where a proposal to adopt the plan was defeated in September 1933, the manager league is circulating petitions for a new referendum.

In Pennsylvania at the initial meeting of the Joint Legislative Committee on Local Government Costs the research manager of the State Chamber of Commerce advocated the adoption of legislation permitting cities in the state to adopt the manager plan. Pulaski, Virginia, (7,168) on March 26 voted in favor of a modified town manager government. According to a news dispatch "the manager will work under direction of the present mayor and council of eight, which will continue in office." At the town meeting in Bar Harbor, Maine, on March 3, a proposal on the council-manager plan was submitted for a preliminary vote with the result that of 1,600 people present, a vote of 239 to 159 was registered against it. The Taxpayers' League in Paterson, New Jersey, is reviving a movement to secure the adoption of the manager plan, and it is reported that Yeadon, Pennsylvania, has recently passed an ordinance creating the office of borough manager.

In 1936 for the first time the number of cities operating under a city manager exceeds the number governed by a commission, although mayor-council cities continue to be most numerous, according to the "1936 Municipal Year Book."

*

Memphis Establishes Municipal Reference Library.—In order to serve city officials and employees by obtaining and supplying information on modern thought and practice in the field of municipal government, a municipal reference library has been created in Memphis, Tennessee, as a new bureau under the department of public utilities, grounds and buildings. The resources of the new bureau are expected to afford local authorities ready contact with progressive methods, new discoveries, the experience of other cities, and the findings of experts in every division of government service.

Through the coöperation of Jesse Cunningham, librarian of Cossitt Library in Memphis, who helped organize the St. Louis municipal reference library, the Memphis municipal reference library will be able to supplement its own resources by drawing upon the Cossitt collection and facilities.

In establishing the bureau, Memphis falls into step with other progressive cities where a municipal reference library is a valued part of the city government, including New York, Milwaukee, St. Louis, Cincinnati, Chicago, and Cleveland. Establishment of the new bureau is the result of detailed study by Mayor Overton and Commissioner Ralph Picard of the benefits derived by other cities from such a service. Miss Louise Gambill, formerly of the Cossitt Library staff, will be in charge.

*

Winners in Inter-Chamber Health Contest.— The results in the seventh annual inter-chamber health conservation contest conducted among cities by the Chamber of Commerce of the United States, in coöperation with the American Public Health

Association, were announced on April 19. Detroit, Michigan, Oakland, California, Syracuse and Schenectady, New York, Brookline, Massachusetts, and Hibbing, Minnesota, are the cities winning first place in each of the six population groups; thirty-two honorable mention awards were made.

Two hundred and thirty-four cities competed, including thirty-four new competitors. Their population aggregates over 23,000,000, or more than a quarter of the total urban population of the country. Forty-five states, the Hawaiian Islands, and Alaska were represented. The city contest is supported by a group of insurance companies.

Competing cities were judged by an awards committee on the basis of the availability and use of safe water supplies, the adequacy of sewage disposal, the extent to which children are protected against such diseases as diphtheria and smallpox, the number of expectant mothers who receive proper prenatal care, the number of babies who are being kept well through adequate medical supervision, the safety and purity of the milk supply, the use of effective measures for the control and prevention of such diseases as tuberculosis and venereal diseases, and the extent to which the physicians and dentists are practicing preventive medicine.

In addition to the awards mentioned, four special awards were granted to a group of cities not in the contest proper, which have twice won first place in the contest and have maintained their previous high standards of health achievement during 1935. These were Baltimore, Maryland, Hackensack and Newark, New Jersey, and Palo Alto, California.

In the population classes in which council-manager cities were entered, such cities proportionately outstripped those with other forms of government, especially in the smaller cities. While 21 per cent of the cities in the United States having a population of between 100,000 and 500,000 have city managers, 23 per cent of the winners in this section of the health contest were city-manager cities. These included Oakland, California, which won first place in the group having between 250,000 and 500,000 population, Dallas, Texas, and Grand Rapids, Michigan.

In the 50,000-100,000 population class, in which 27.6 per cent are council-manager cities, six out of the ten winning cities, or 60 per cent, had council-manager government during the period of the contest. These were Pasadena, California, New Rochelle, New York, Kalamazoo, Michigan, Greensboro, North Carolina, Binghamton, New York, and Sacramento, California.

In the group of smaller cities, those having between 1,000 and 50,000 population, while approximately six per cent have council-manager government, more than 27 per cent of the winners in the health contest were city-manager cities. These were Auburn and Watertown, New York, and Miami Beach, Florida.

Coincidentally with the city contest was a rural contest for the best county or district health work and administration during 1935. The winning counties in the various geographical divisions are Westchester County, New York, Davidson County, Tennessee, Shawnee County, Kansas, El Paso County, Texas, Glynn County, Georgia, and Santa Barbara County, California.

The expenses of the rural contest were borne by the W. K. Kellogg Foundation of Battle Creek, Michigan.

*

Fire Prevention Contest Awards.—Atlanta received the grand award for having the best fire prevention record during 1935 in the annual contest sponsored by the United States Chamber of Commerce. The per capita fire loss in the 327 competing cities was $1.23, lowest in the twelve years that the contest has been conducted. The total fire loss for the cities was $41,248,699 as contrasted with an annual average of $65,299,552 in the five-year period just preceding 1935.

Philadelphia had the best record for cities of more than 500,000 population. Atlanta won its honors in the 250,000 to 500,000 population class. Hartford headed cities of from 100,000 to 250,000; Lakewood, Ohio, was first in the 50,000 to 100,000 group; Parkersburg, West Virginia, won in the 25,000 to 50,000 class and Geneva, New York, had the best fire prevention record in cities under 20,000.

The following cities received honorable mention:

Over 500,000: Milwaukee, Detroit, Los Angeles, Buffalo, Baltimore, Cleveland, Pittsburgh, St. Louis, and Chicago.

250,000 to 500,000: Cincinnati, Providence, Memphis, Rochester, Akron, Oakland, Indianapolis, Louisville, Kansas City, and New Orleans.

100,000 to 250,000: Nashville, El Paso, Long Beach, California, Grand Rapids, Wichita, Elizabeth, Springfield, Massachusetts, Utica, San Antonio, and Honolulu.

50,000 to 100,000: Bethlehem, Pasadena, New Rochelle, Greensboro, Fresno, Evanston, Lincoln, Austin, Asheville, and St. Joseph.

20,000 to 50,000: Elyria, Ohio, Owensboro, Ky., Lubbock, Texas, Richmond, California, Baton Rouge, Louisiana, Warren, Ohio, Newburgh, New York, Fort Dodge, Iowa, Wausau, Wisconsin, and Wichita Falls, Texas.

Under 20,000: Lafayette, Louisiana, Ridgewood and Morristown, New Jersey, Palo Alto, California, Valley City, North Dakota, Raton, New Mexico, Port Angeles, Washington, Perryton, Texas, Albany, Georgia, and Charlottesville, Virginia.

G. S.

*

Six Thousand Cities in State Leagues.— According to a report just made by the American Municipal Association, 6,187 cities are members of the thirty-six state leagues of municipalities, organized to further the interests of cities, towns and villages. This is an increase of thirteen leagues and nearly three thousand member cities in the past five years.

Nine of the leagues, as shown in the report, have close relationships with state universities: Arkansas, Colorado, Kansas, Michigan, Minnesota, Oklahoma, Oregon, South Dakota, and Washington. In seven of these cases the league secretary is on the university staff.

Training schools have from the beginning of the existence of the leagues been an important activity. Over a five-year period a total of 44,435 officials—fire, police, finance, food inspection, welfare—have attended the schools, which are usually held for a period of one or two weeks. Fifteen of the leagues provided one or more such schools in 1935.

*

Increased State Aid for Schools.— Recently compiled figures of the United States Office of Education, as reported in *The United States News*, show that thirty-two of the forty-eight states paid in 1933-1934 a larger share of the school cost than they did in 1929-1930, one of them, North Carolina, paying 42 per cent more. On the other hand, in the case of sixteen states the percentage of state participation is less than in 1929; but the average rate of decrease for these is only about one-half the average rate of increase in the thirty-two other states. The federal government has increased its share in financing the public school system from 0.4 per cent to 1.2 per cent; but the actual amount of money is less.

All but five of the states have reduced expenditures for education during the depression. The five that show increases in their budgets for school purposes, and the approximate amounts of the increases, are: Illinois, 46; California, 36; Missouri, 7; Tennessee, 3; Louisiana, ¾ (in millions of dollars).

*

Administrative Reorganization and the Merit System in Kentucky.— Kentucky is the eleventh state to provide for the merit system of public personnel administration and the first state to do so since 1920, according to G. Lyle Belsley, executive director of the Civil Service Assembly of the United States and Canada. However, several states have made partial provision for the merit system within the last few years.

Although Kentucky's reorganization act became effective immediately upon its passage March 8, it has been provided that the present governmental organization may remain intact until July 1, 1936. Of particular interest to those interested in the extension of the merit system is the provision in the act that the director of the division of personnel efficiency must himself be technically qualified.

Dr. John W. Manning, who has been appointed by Governor Chandler as director of the division of personnel efficiency, is director of the Bureau of Government Research, and associate professor of political science at the University of Kentucky, and has been granted a leave of absence from the university. Dr. Manning assumed his new duties March 12. The division of personnel efficiency is set up in the department of finance, and is designed to perform all recruiting functions of the state, authorize and certify all state payrolls, develop and administer a classification plan and service rating system, develop training programs, conduct wage surveys, and make rules and regulations regarding transfers, leaves, and other personnel matters.

Public Administration Service of Chicago will assist in putting into effect the provisions of Kentucky's reorganization act. The service, which conducts research programs in government administration and provides installation and survey assistance to governments on a cost basis, will aid in developing a detailed plan of organization for all state departments and agencies, in establishing a finance department, and in installing budget, accounting, and purchasing systems.

*

Regional Meetings of State Municipal Leagues.—In accordance with its program of previous years the Illinois Municipal League is planning to hold during 1936 regional district meetings for municipal officials in ten different places throughout the state. The meetings for March were: Marion, March 10; Mt. Vernon, March 12; Belleville, March 24; and Alton, March 26. Tentative plans have been made for additional district meetings to be held in the following cities: Mattoon, May 5; Bloomington, May 7; Galesburg, May 19; LaSalle, May 21; Rockford, June 9; and Aurora, June 11. The purpose of the district meetings is to bring the services of the League to the various parts of the state, especially to municipal officials unable to attend the annual conventions, as well as to enable officials to discuss timely subjects and to exchange ideas and practical experiences in the solution of local problems.

The League of Texas Municipalities has held five regional meetings thus far in 1936 and has six more scheduled. The cities and dates are: San Antonio, February 21; Waco, March 6; Houston, March 20; Brownsville, April 3; Longview, April 17; Corpus Christi, May 8; Wichita Falls, May 22; San Angelo, June 5; Amarillo, June 19; Arlington (Dallas-Fort Worth), July 2; and El Paso, July 17.

*

West and East Share Honors for Governmental Research.—In the third annual contest of the Governmental Research Association, results of which were recently announced, the work of Herman Kehrli, director of the Bureau of Municipal Research of the University of Oregon and executive secretary of the League of Oregon Cities, on "Portland Pension Problems," was judged the best among sixty reports submitted. Second place was given the report, "Boston's Tax Limit and the Local Application of the Municipal Finance Act," by Herman C. Loeffler, secretary of the Boston Municipal Research Bureau. Members of the award committee were William H. Allen, secretary of the Municipal Civil Service Commission of New York City; John N. Edy, city manager of Toledo, Ohio; and William E. Mosher, director of the school of citizenship and public affairs of Syracuse University.

Entries in the competition indicated the wide range of activities of the governmental research bureaus during the year. Among the subjects of reports were cost of elections and registration, municipal debt problems, reform in tax collection procedure, real estate and personal property assessments, and the fire insurance classification of cities.

Last year's award was made to J. M. Leonard and Lent D. Upson, of the Detroit Bureau of Governmental Research, for their study of the government of the Detroit metropolitan area. In 1934, first year of the competition, Herman C. Loeffler won first place for his critical analysis of the then proposed PWA construction program for the city of Boston.

*

Trained Personnel for Social Security Programs.—A warning that officials of state and local governments must recognize the need for staffing public welfare agencies with professionally competent personnel, if the welfare purposes of social security programs are to be properly accomplished, is sounded in the current issue of *Public Welfare News,* official publication of the American Public Welfare Association, which finds that in some states and localities "there is no clear understanding of just what the job entails." It is stated that "the federal government is recognizing the importance of the work to be done by obtaining the best personnel available for federal positions. The U. S. Children's Bureau and the Social Security Board are working closely with the Civil Service Commission to this end, setting a very good example to the state governments by their adherence to the spirit as well as the letter of the merit system in recruiting their own personnel." The social security act specifically requires that state plans provide certain methods of administration as are found by the board to be necessary to their operation, thus calling for correspondingly high standards of personnel.

Nation-wide Poll Approves Merit System.—The American Institute of Public Opinion has recently conducted a poll, by mail and by interviews, in which more than a hundred thousand Americans, intended to be a representative sampling of the population throughout the country, were asked these three questions:

Should government positions, except those which have to do with important matters of policy, be given to those who help put their political party in office, or to those who receive the highest marks in civil service examinations?

Should all postmasters hereafter be selected by civil service examinations?

Should all Washington employees of the special emergency agencies created by the present administration be placed under the civil service?

Affirmative replies to these questions were given by 88, 86, and 69 per cent of the "voters" respectively. Sentiment in favor of the merit system was not confined to members of any one political party. Eighty-three per cent of the Democrats, 91 per cent of the Republicans, and 93 per cent of the Socialists participating in the poll favored civil service.

*

Need for a Federal Library Agency.—The American Library Association's committee on federal relations has recently issued a statement on "The Need for a Federal Library Agency," which points out that the spread of library service in this country has suffered a considerable setback and that a federal agency is greatly needed to stimulate the growth in number, quality, and effectiveness of public libraries.

The report, prepared for the committee by Carl Vitz, of the Toledo, Ohio, Public Library, and a committee member, states that "despite the efforts of state library associations and the American Library Association, perhaps only one-third of the library job has been reasonably well done. If local efforts, state efforts, and private efforts have not been sufficient to bring about universal library service, it is necessary to introduce also a federal element." While libraries have had assistance from the federal government in various forms, the government, unlike those of most other nations, does not contribute to the support of libraries other than those at its capital, nor supervise or furnish comprehensive advice to the libraries of the country. "The possible functions of a federal library agency fall naturally into three divisions: (a) fact finding, (b) fostering cooperation with other agencies and the coordination of library services, and (c) promotion of library interests in the country viewed as a whole." The report goes on to outline nine specific functions which a federal agency might well carry on.

The proper place for such an agency is stated to be in the federal Office of Education; and it is noted that the proposed budget for that office for the year 1936-1937 contains an item of $40,000 for an enlarged library division, the result of the association's suggestion to Secretary Ickes and the commissioner of education, John W. Studebaker.

*

Increased Attention to Police Training.—Three new states are installing police training schools: the League of South Dakota Municipalities announced three-day training schools in three cities during April, the Minnesota League of Municipalities will hold a course in May, a school is being planned by the Illinois Municipal League, and Georgia is considering holding one.

The Wichita, Kansas, Municipal University has established a two-year course in police science and fourteen men now enrolled work part time for the Wichita police department at salaries of fifty dollars a month while they learn.

The course for traffic policemen at Northwestern University, Evanston, Illinois, will play a part in the new urban traffic safety training program of the International Association of Chiefs of Police which has been made possible by a grant of funds from the automotive industry. This school, during its three years of existence, has been attended by approximately 125 police officers from all parts of the country.

As the first experiment in its proposed program to hold a series of regional fingerprinting schools, the Federal Bureau of Investigation recently taught over fifty police and other peace officers of the Dallas, Texas, region how to make identifications.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York—Fewer County Officers in New York City.—The anomaly of five independent county governments within the City of New York will be substantially abolished under a plan of consolidation embodied in six bills prepared by the Citizens Union of New York and introduced in the municipal assembly, board of aldermen branch, by Alderman Morris. Jurisdiction over county offices, except judges, district attorneys and county clerks, was conferred upon the city by an amendment to the state constitution adopted last fall, making it possible to dismantle partially the five county governments, which have become merely convenient rookeries for politicians. Under the plan of the Citizens Union, one sheriff and one register, appointed by the mayor after civil service examination, would supplant five separate sheriffs and registers, while the city chamberlain would take over the functions of the five public administrators. The work of preserving and indexing certain records is assigned to the new register, thereby eliminating the offices of three county commissioners of records. The effect of these changes would be to abolish a total of nine elective offices and to vest in the appointive sheriff and register functions now distributed among seventeen independent offices.

The constitutional amendment itself provides that county clerks, hitherto elective, shall hereafter be appointed by the courts, and that the clerks may also take over the functions of the present commissioners of jurors, of whom there is one in each county.

A plan suggested by the City Club of New York differs from that of the Citizens Union primarily in proposing that the functions of the registers and the duties of the sheriffs in executing civil process be assigned to the county clerks.

The municipal assembly has appointed a joint committee of the board of estimate and board of aldermen to study county consolidation. The committee recently announced that it would shortly hold public hearings.

Samuel D. Smoleff
Acting Counsel, Citizens Union

Oregon—Clackamas County Demonstrates Planning.—Clackamas County, with a population of 45,000 scattered over an area of approximately two thousand square miles, has had a planning board since May 1935. When the board presented a report to the Third Pacific Northwest Regional Planning Conference held at Spokane, Washington, recently, these were some of the accomplishments listed: (1) A constructive, organized road program involving projects totalling nearly $900,000 was established under the provision that all highway construction must be approved by the planning board before it is authorized by the county court, in which connection a county-wide traffic survey, the only one in the state, was made with relief labor; (2) plans for thirteen PWA projects, including a new courthouse, a city hall, and work on nine public schools, costs totalling $1,300,000, which the people voted to finance by bonds; (3) plans for sixteen WPA projects, costs totalling half a million dollars, including stream measurements, national youth projects, parks and a county-wide library program; (4) land settlement and reforestation studies looking toward the best use of land. Investigation of new types of industry which might be brought in.

Work on flood control, testing of farm lands, a survey of underground water reserves for irrigation purposes, drainage projects, and a mineral resources survey are among future items on the long-term plan of the Clackamas board, which already has compiled a dozen maps showing basic information on these matters. Close coöperation between the Oregon state planning board and this local planning board has done much to speed up the various county projects. One important result has been the employment of nearly all relief workers, as well as many non-relief employables.

*

Montana—Agitation for Simplified County Government.—No county offices in Montana have been consolidated despite the fact that the state constitution was amended at the polls November 6, 1934, giving county commissioners the power to consolidate any two or more of the following offices: assessor, clerk and recorder, treasurer, superintendent of schools, surveyor, sheriff, coroner, and public administrator. The law has had one very desirable effect, however, and that is to direct more attention toward the present structure of county government in the state and the necessity for some changes. The secretary of the Montana Taxpayers' Association, Mr. Fred Bennion, reports that after discussing rather carefully the advantages of office consolidation with county commissioners and members of taxpayers' committees in several counties, these citizens have concluded that the county manager form of government possesses much greater advantages than could be secured through office consolidation under present regulations. After studying the Montana county manager law, as passed by the 1931 legislature and amended in 1933, most of them also conclude that it is much better than they had at first surmised.[1] In Jefferson County, for example, the board of commissioners after an all-day session, asked Mr. Bennion to prepare an outline of the county manager law and of the petitions necessary for the taxpayers to circulate.

The delegate assembly of the Montana Education Association, at its annual meeting in Great Falls March 13 and 14, recommended to the state legislature that: (1) a bill be introduced calling for an amendment to the state constitution changing the term for all elective county officers from two to four years; and (2) that the county superintendent of schools be elected on a nonpartisan ballot. Other recommendations of the assembly included an enlarged school administrative and supervisory unit in place of the present small district system, and increased state and federal support for the schools.

Roland R. Renne
Montana State College

TAXATION AND FINANCE

Edited by Wade S. Smith

Tax Limitation Again Proposed for New York.—The current session of the New York State legislature again sees an attempt to amend the state constitution to impose a limitation on realty taxes based on assessed valuations. A resolution for amendment to provide a limitation of 2 per cent of "true value in money" to include debt service was defeated in the 1935 session.

The currently proposed amendment would, after January 1, 1939, limit the total amount of taxes levied against any parcel of taxable real property in the state, for the combined county, city, town, village, school, and special district purposes, to not more than 1¾ per cent of assessed valuation, plus the amount required for service on debts representing permanent improvements. Allocation of the shares of local units in the limited tax would be determined by statute.

Amendments to New York's constitution must be approved by two successive legislatures, and then ratified by popular vote. Last year's disapproval of a somewhat similar limitation amendment will probably be repeated this year, though with a new assembly it is difficult to forecast such action with any soundness. The State Conference of Mayors is vigorously combating the measure, the State Commission for the Revision of the Tax Laws incorporated strong studies against it in a recent report, and other civic organizations have taken stands along similar lines. Support comes chiefly from the real estate boards of the state and New York City.

*

Municipal Debt Readjustment Actions.—Amendment of the Sumners-Wilcox act of 1934, providing for readjustment of municipal debt, to permit any insolvent city to file intention of action up to January 1, 1940, is now awaiting the President's signature. Without the extension, the deadline would have been May 24, 1936. Debt readjustment plans still require the consent of the municipality and the holders of 75 per cent of its securities.

Extension of the act will follow closely upon action of the federal circuit court of appeals (5th circuit) in reversing a decision of the federal district court of the southern district of Texas which held several months ago that the act was unconstitutional. In reversing the decision to hold that the municipal debt adjustment act is constitutional, the court said in part: "We do not consider that consent of the state in advance is necessary to enable a political corporation to take advantage of the beneficial provisions of the law."[1]

---

[1] The Montana optional county manager law is based on the model county manager law of the National Municipal League.—Editor.

[1] As this department goes to press, word comes from Washington that the Supreme Court has granted a review of the decision of

Petition for a readjustment was filed on March 30 by the township of North Bergen, New Jersey, the first municipality in the east to take such action. As of February 29 the township's counsel reported liabilities amounting to $3,974,850, including a $1,500,000 judgment obtained by a group of creditors. Fifty per cent of the creditors have already consented to the action.

Under the readjustment plan offered to the federal court in Newark, the township would create a sinking fund immediately for the purpose of refunding all bonds between the present and 1945. Obligations would be refunded with interest at 4 per cent for the first ten years and 4½ per cent for the remaining thirty years. The sinking fund would be established over ten years to take care of a number of specific obligations coming due in that period. The fund would be built up at the annual rate of $760,000 in 1936 gradually descending to $560,000 in 1940, and gaining to $750,000 in 1944 and 1945.

*

Colorado Old-Age Pensions Hit.—Falling off of revenue collections in the Colorado state liquor department have caused consequent lowering in the state's old-age pension payments, according to the *Denver Taxpayers' Review*. The funds distributed in February totalled $340,200 while the March distribution was $262,000, a shortage of $78,200 as compared with the previous month. Of this total shortage the liquor department accounted for $72,300. The February contribution from the liquor department was $233,400 while the funds which were distributed in March only contained $16,100 of liquor revenue.

*

Scrip Still in Use!—From Atlantic City, New Jersey, comes word that scrip is still a mainstay in municipal payrolls. During February, 1936, salaries were paid half in cash and half in non-interest bearing scrip. There have been only two months since December, 1932, when employees were paid in full in cash.

*

Page New Sources of Revenue.—Cambridge, Mass., is said by the press to be considering a new type of assessment against the previously tax-exempt institutions of Harvard, Radcliffe, and Massachusetts Institute of Technology. The tax would be a "service charge" of ten dollars per thousand of valuation, to pay for policing of football games and student demonstrations, removal of rubbish and ashes, and services of the fire department. Revenue totalling at least $1,000,000 is anticipated.

*

Useful Compilation on State Tax Departments.—Useful to students of state tax systems is an article by Willard N. Hogan, of the Bureau of Business Research of the University of Kentucky, entitled "Composition and Duties of State Tax Departments." Originally published in the January, 1936, issue of *The Tax Magazine*,[1] a twelve-page reprint has just reached this desk with the complimentary stamp of the Bureau, from which copies may be secured. Seven tables, concise comment, and a discussion of the recommendations of the National Tax Association as to the duties of a model tax commission, are included in the article, which outlines the scope and make-up of each of these important state agencies.

*

RFC Bank Holdings Made Tax Exempt.—On March 19 President Roosevelt signed the much debated bill giving immunity from state and local taxation to the billion dollars in bank stocks and debentures owned by the Reconstruction Finance Corporation. After defeat a month previously in the House, the bill was resurrected at the insistence of RFC officials that passage was necessary to avert grave effects on its narrow but necessary margin of profit.

Passage of the new bill, which makes federally-owned bank stock, capital notes, and debentures tax-free, means a yearly loss of approximately $5,500,000 to state and local taxing units, according to Paul V. Betters, executive director of the United States Conference of Mayors. This shrinking of potential local revenues has been partially compensated for, however, by the fact that the RFC has preserved bank assets in general, and safeguarded the accounts of many taxpayers as well as deposits of public funds, Mr. Betters pointed out.

---

the Fifth Circuit Court of Appeals. Arguments were set for April 28, but there is doubt a decision will be forthcoming before the Court's summer recess.

[1] Published by Commerce Clearing House, Inc., 205 West Monroe St., Chicago.

Balancing the British Budget.—With currently released estimates indicating that the total national debt of the United States will shortly approach the forty billion mark, and that the year's taxes for federal, state, and local government were approximately half a billion dollars more than the food bill, two billions more than the rent bill, and four times the net corporate income—it is reassuring to discover that one nation recently in as grave financial distress is now out of the red. Great Britain's revenues in the fiscal year ending March 31, 1936, were £753,000,000, and her expenditures £750,000,000.

*

Detroit to the Fore Again.— From City Treasurer Albert E. Cobo of Detroit, Michigan, comes the following recapitulation of that city's delinquent tax collection drive to date, summarizing the famous seven year funding system:

"The delinquent taxes for 1932 and prior years are now being paid on what is known as the seven year plan," writes Mr. Cobo. "Since this amendment became effective the $49,000,000 then outstanding has been reduced to $7,000,000. Considering those taxes on the seven year plan as not being delinquent, 200,000 parcels of property came back on the active rolls as a result of this amendment; another charter amendment was enacted in October, 1935, which reduced the interest rate on current taxes from 10 per cent to 7 per cent, and on delinquent taxes from 10 per cent to 8 per cent. This amendment also stopped the mandatory sale of taxes to tax title buyers, and this coupled with low tax budgets for the current years [$54,840,000 in 1935 as compared with $76,000,000 in 1931, Ed.] has increased the current payment of taxes to where we have now collected 75½ per cent in the first six months of the fiscal year, and further, every year's taxes are better than 80 per cent collected other than the current year."

After "reconstruction of the tax program" by charter amendment, pay-your-taxes campaigns were used to inform the people of the changes made and advise them of the benefits of coming in under the regularized payment plans. Billboards, radio, press, and circulars were used in the educational program.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

New York to Vote on P. R. This Fall.—On April 27 the New York City Charter Commission made public a tentative draft of its proposed new charter and with it announced its decision to submit P. R. as a separate question, as authorized by the legislative act by which the commission was created. "The Commission was unanimous," says the commission's introductory statement, "in its conclusion that the question of the election of the council by proportional representation should be submitted to the electorate. It is accordingly submitting the question for determination by the electorate as a separate question without recommendation for or or against the proposal. If proportional representation is approved, councilmen will be elected by borough-wide election, each borough electing one councilman for every 75,000 votes cast."

The charter commission is planning to hold public hearings in May, put its proposals in final form late this spring, and submit the charter and P. R. at the presidential election in November. Advocates of a new charter appear to be generally satisfied with this time of submission because, although other issues will lessen the attention that otherwise might be given to the charter issue, it is the time when the greatest numbers of non-political voters are sure to come to the polls. The Cincinnati P. R.-manager charter was adopted at the presidential election in 1924.

A City Council with Important Powers

The body to which P. R. will be applied if adopted is a city council replacing the present board of aldermen but with less than half as many members and with somewhat increased powers. Technically it will be a single-house city legislature, but as the board of estimate will retain a veto power over the most important local laws as well as its present right to pass first on the mayor's budget and fix maximum limits for all appropriations, the present bicameral arrangement will not actually be disturbed to any great extent except that the council will have sole right to initiate local laws. Even the present board of aldermen, however, has sufficient power to prevent the former orgy of misrule revealed by the Seabury investigation if it were inclined to use its power. The trouble has been that the board has been so unrepresentative and completely dominated by one political machine that it has been little more than a rubber stamp for the machine's decisions. Civic leaders are convinced, therefore, that P. R. can be of great value to the city in its proposed application and hope that a demonstration of that fact will lead to greater powers being given to the council in the future.

A Fixed Quota

The commission is submitting P. R. with a fixed quota, as proposed by Judge Seabury in his famous final report to the Hofstadter legislative investigating committee. Each borough will be a separate single district electing as many members as it polls multiples of 75,000 votes. This will have the great advantage of reapportioning the councilmen to the boroughs each time on the basis of the votes cast and thus removing permanently one of the most vexatious of political problems. The resulting council should consist of about twenty-five members.

A Statement of Major Principles

In drafting the P. R. proposals the commission departed from the usual American practice of setting forth the P. R. rules in detail. Following a common British practice it merely stated the major principles to be followed, delegating the preparation of rules and regulations to another body. In this case the body selected is a temporary commission to be appointed by the mayor before January 1, 1937, if the charter and P. R. are both approved. The commission is to submit its draft to the board of aldermen before April 1, 1937, and the board is given the right to change it, without departing from the prescribed principles, before June 1, 1937, at which time it becomes effective for the 1937 election whether acted on by the board of aldermen or not. Councils elected by P. R. may revise the rules and regulations at any time, subject to the principles set forth in the charter. These principles are worded as follows in the tentative draft:

> Each borough shall constitute a single district for the election of councilmen and shall elect one councilman for every seventy-five thousand voters who cast valid votes for councilmen within it. A remainder of more than fifty thousand such voters shall entitle a borough to one additional councilman and each borough shall be entitled to at least one councilman. Each voter shall have a single preferential vote. He shall be allowed to indicate a first choice, second choice, third choice, and further choices among all the candidates for councilmen in the borough. His vote shall be counted for his first choice if it can help to elect his first choice and, if not, for the first of his choices whom it can help to elect. Seventy-five thousand votes shall be the quota sufficient to elect a candidate and votes in excess of that quota shall be transferred to other choices of the voters who cast them. Votes cast for a candidate with too few votes to secure election shall likewise be transferred, upon the defeat of that candidate, to other choices of the voters who cast them. Nominations shall be made by petition of not less than two thousand voters for each candidate nominated and shall not be made by primaries. Nominating petitions may specify party, group, or individual designations to accompany the names of the candidates on the ballot but shall not specify the name of any recognized political party without permission from the county committee of that party. Sufficient watchers to give adequate representation to the candidates shall be given full facilities for witnessing closely every stage of the election and of the count.

It is too early at this writing to report the reaction of the press and of the city generally to the P. R. proposal. However, almost all of the foremost civic groups and, with the exception of the inside organizations of the dominant party, the important political groups also are already on record in favor of the principle.

The Alternative

In case P. R. is not approved the charter provides for election of the council from senatorial districts, one councilman from each district, with additional members elected by boroughs at large from Queens, Brooklyn, and the Bronx until present inequalities are corrected by a state reapportionment. The total number of councilmen under this scheme would be twenty-nine.

The rest of the proposed charter—which must be adopted if an approval of P. R. is to have any effect—does not depart fundamentally in many respects from the existing charter, though it contains a number of changes which are generally considered useful and is vastly superior to the present cumbersome document in brevity, arrangement, and form. A summary of its major provisions will be found on page 289.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Cincinnati Bureau of Governmental Research.—A leaflet issued in January summarizes the achievements of the Cincinnati Bureau during the past ten years of its existence, under the following six captions.

1. *Governmental Administrative Organization and Procedures.* The Bureau has aided the city, county, and school officials in the reorganization of their office layouts, their record systems and their business procedures. The recommendations made and adopted have eliminated much red tape and unnecessary duplication of effort which has resulted in improved service and in reduced cost to the public. The installation of the photostat in the county recorder's office is one example of this kind of work. Sixteen published reports deal with this type of service.

2. *Legislative Procedures.* Councils and boards of the governmental units need as much assistance in improving their methods of procedure as do the administrative officials. Five bureau reports aided legislative bodies in developing logical working methods for dealing with their problems.

3. *Improved Personnel Procedures.* The Bureau has assisted in establishing better personnel procedures in the local governments. It has recommended the classification of positions and salaries so that persons performing the same work will receive the same pay under similar conditions. It aided in the reorganization of personnel and records of the police department and recommended the present retirement system for the employees in the city. Six published reports deal with these questions.

4. *Solutions and Analyses of Financial Problems.* The scope of work in this field has covered actuarial studies of pension funds, general accounting for the city of Cincinnati, county of Hamilton, and the Cincinnati school district, cost accounting for various departments, billing systems such as the one in the water works department and the tax billing system in the county. The analyses of the fiscal affairs of the city, county, and the schools system established uniform classification of receipts and expenditures which has proved very useful for comparative purposes. Twenty-nine reports are of this nature.

5. *Studying Social Problems.* The most important studies the Bureau has ever conducted deal with public health, public school education, child care, leisure-time activities, public library facilities, and population trends. These are recent reports which because of their close inter-relation were published at the same time. The Bureau has previously published reports on county welfare administration and on the operation of the tax-supported hospitals of the community.

6. *Miscellaneous Problems.* Besides formal studies, the Bureau is called upon for statistical information by individuals and special committees covering every field of governmental service. The purchasing procedure established for the Committee on Coördination and Coöperation in Hamilton County is a noteworthy example of what can be done in the field of coöperation between governmental units.

The Bureau's conception of efficiency in government is not that of cutting costs at whatever expense of inadequacy in services. Its conception of true economy embraces the adoption of standards of service as high as the needs of the citizens require, the avoidance of waste in operation, and the employment of the most effective methods and facilities. The Bureau does not shrink from recommending such services as truly economical, even when prior services on lower standards have been rendered at less apparent cost.

While the saving of money is not the primary objective of the studies which the Bureau has made, there have resulted savings from the adoption of Bureau recommendations, which amount each year to a half million dollars in the operating costs of county, city, and school governments. Such savings are the by-products of the work, and have contributed to keep the local governments in this area solvent through a period of decreasing revenues and of increasing demands.

Fitchburg Taxpayers Association.—During the past year the Association has completed six major studies. In a report on the city police department the Association disclosed that Fitchburg had the lowest number of policemen per 1000 population of any city in Massachusetts. That the police department was operating efficiently was shown by low crime rates and low costs for equipment and maintenance.

The Association's study of the welfare department resulted in the adoption of improved procedures and more thorough investigation of applicants for relief.

A study of the cemetery department assisted in putting this function on a more nearly self-supporting basis.

A complete analysis of all expenses of the city during the past ten years has been completed and put to good use in connection with the examination and criticism of the 1936 budget.

Studies of the public works and fire departments were also completed during the year.

Since April 1935, the membership in the Association has increased from 475 to 2,800. Newspapers have been extremely coöperative and have given a great deal of space to Association activities.

The Association is an active member of the Massachusetts Federation of Taxpayers Associations.

Paul Z. Cummins, *Director*

*

City Club of Portland, Ore.—Highlights in the twentieth year of the City Club include the publication of the following reports:

Elementary and Secondary School Organization and Support in Oregon: An extremely comprehensive report which has won nationwide recognition in educational circles, detailing the development of the Oregon system, determining general trends and specific factors which have increased the cost of education, and presenting a long-time program for educational improvement recommending the adoption of the county-unit system, together with a state defensible program, a state equalization fund, a balanced system of taxation, a state board of education, a state insurance plan, a state school building code, and the use of an index figure for salary determination.

Municipal Budget Study: A detailed study of Portland's budget-making procedure, together with observations on the action of the tax levying board in drawing up the municipal budget for 1936, criticizing the former practice of diverting the appropriation for the annual independent audit of the city for other purposes, and recommending the creation of a bureau of municipal research and a salary classification and standardization study by an independent agency.

City Planning Studies: Reports on the site for the new state capitol building at Salem, the proposed highway development in the Columbia Gorge, and on the problem of the Unification of Terminals for Portland.

Marriage Laws: A study of the existing marriage laws in Oregon and neighboring states, recommending medical examination of both applicants for marriage, and that a marriage license be denied an applicant who has apparent mental or hereditary defects, unless the applicant submits to sterilization.

Review of Election Measures: Detailed committee studies on each of eight measures on the ballot January 31, followed by a summary of the committee findings and the recommendations of the club.

Studies Now Under Way include Front Avenue development, civil service in Portland, a Columbia Valley authority, the care of emergency accident cases, traffic control, the old-age pension administrative act of the 1935 special session, and a comparative study of the state taxation systems in Oregon, Washington, and California.

C. Herald Campbell, *Executive Secretary*

*

Toronto Bureau of Municipal Research.—Three reports were issued last year covering a study of the civic budget made by the Bureau. In the recommendations and suggestions contained in these reports the following among others were stressed: (a) A reduction in the number of departments by placing under one head such operations as those dealing with public works, street cleaning, property and building; (b) centralized purchasing; (c) the necessity of having a truly balanced budget; (d) the need of returning to a pay-as-you-go policy in current financing by including in each year a gradually increasing portion of the costs of direct relief instead of funding such expenditures; (e) the necessity of reducing total expenditures so that these are more in line with the taxpayers' reduced income; (f) two or three year overlapping terms for members of council; (g) a study of the civic personnel establishment to determine among other things whether there are too few or too many employees and how civic salaries and wages compare with those in private employment.

In the 1936 budget just announced a portion of the direct relief costs have been included. Consideration is also being given to centralized purchasing. Salary cuts have been made by both the city and the board of education.

An analysis of the voting record at civic elections was made by the Bureau staff and a report issued giving important reasons why citizens should vote. A study was made of the financial results of operation of the civic abattoir since its inception and a recommendation made that the plant be sold. A report was made pointing out the fast diminishing borrowing margin in Toronto and the need for a long-term capital budget plan.

*

Kentucky Tax Reduction Association.—The Association has been encouraged by the progress made toward governmental reorganization in Kentucky this year.

In March the legislature enacted into law the governmental reorganization act advocated by Governor Chandler, and described briefly in the last issue of this REVIEW.

Under the new set-up the governor proposes to effect substantial economies in regular operations. Old-age pension payments authorized by the 1936 legislature will absorb most of this saving. Taxpayers are none the less grateful that ordinary expenditures were reduced to take care of this new form of public assistance.

County reorganization legislation was not taken up at the recent session of the Kentucky legislature. This was at the request of the governor, in order to concentrate upon state reorganization. It is possible that local governmental affairs will receive attention at a special session later in the year.

An attempt was made by the jailers' association to repeal the 1934 act consolidating the office of jailer with that of sheriff. This merger was one of the laws sponsored by the Kentucky Tax Reduction Association. The attempt to repeal it this year was defeated in the senate, after the house had passed it by a vote of 51 to 28.

The principal legislative objective of the Association at present is to abolish the fee system. The governor has become interested and has promised the Association that he will bring it to the attention of the legislature at the opportune time.

Other legislation adopted at the session in which the Association was interested included a proposed constitutional amendment permitting the consolidation of city and county governments. This amendment will be voted upon at the regular election this fall.

*

Commission on Governmental Efficiency and Economy (Baltimore).—As the result of a study and recommendations made by the Commission, the city agreed to take steps to have the "bid-the-rate" method of selling city bonds put into effect prior to the next sale of bonds.

The Commission coöperated with the state relief administrator in planning an organization structure and businesslike administrative procedures for a state department of welfare.

The coöperation of the Commission was requested by the city in the preparation of the city budget for 1936. Consideration was given to the Commission's suggestions, resulting in many cuts in the city's estimates in order to bring the budget closer to the total recommended by the Commission.

The city plan commission requested the economy commission to assist in the preparation of an ordinance for the purpose of broadening and tightening the powers of city plan commission. A bulletin was issued bringing out again the importance of having not only a physical development plan, but also a plan for securing economical utilization of public funds in the construction of facilities essential to the community.

The Commission assisted the supervisors of elections in the preparation of bills providing for permanent registration and voting machines for the city, and issued bulletins emphasizing the possible savings, increased efficiency, and methods of financing such systems.

The Commission assisted the mayor's committee appointed for the purpose of investigating the question of hired versus city-owned trucks.

Investigations are now in progress of the purchase of food at city institutions. These investigations, made at the request of the mayor, will tie in with the results of studies made two years ago on the same subject.

The Commission made a study of the city-federal public works program for Baltimore covering a program of approximately $19,000,000 of new public improvements, and submitted a report on the financial aspects of the public improvement problem.

The Commission serviced the governor's committee on state policy and revenue for aid to the needy on matters affecting the city of Baltimore and Baltimore taxpayers, assisted the committee in applying essential factual data to the work, and developed a plan for the distribution of state funds for relief to local jurisdictions.

*

Efficiency and Economy Commission of Pittsburgh.—The Commission was organized in accordance with a resolution of city council, approved by the mayor. In addition to the direct membership of the Commission, Pittsburgh's industrial, commercial, and financial interests, together with many individuals in the professions, are furnishing a large subcommittee membership for study of various problems.

It was decided to make no recommendations based upon perfunctory observations and that thorough fact-finding surveys were necessary, covering: (1) Nature and volume of activities of each unit of the city government, (2) organization set-up and personnel, (3) systems and methods in use, (4) policies pursued, (5) legal provisions governing.

Complete working reports are developed, a number of which have been presented, with others nearing completion as follows:

General Operating Re-organization: New set-up of departments and bureaus and organization of same, revision of operating districts, changes in "service" plant, automotive and shops, stores, purchasing, costs and statistics.

Accounting in general: Disbursements, payroll and paymaster, cost accounting, billing and receipts, collection methods, general accounting, and audit.

Reports have been presented dealing with: Pensions; debt and sinking fund, short term notes, optional coupon bids, etc.; compensation and general public liability insurance.

Many other surveys dealing with systems and methods, routine procedure, plant, etc., are in progress.

The Commission regrets that at present it is unable to supply copies of its reports to the large number of persons and organizations requesting them.

Henry J. Horn, *Executive Secretary*

*

Bureau of Public Administration of the University of Virginia.—The Bureau in cooperation with the League of Virginia Municipalities has completed the following studies since July 1, 1935:

In support of the League of Virginia Municipalities' legislative program the Bureau prepared brief statistical reports on the alcoholic beverage control act, sales tax, income tax, education costs, and gasoline tax. The purpose of these reports was to demonstrate the need of a better plan of apportioning moneys to the municipalities.

The Bureau prepared a series of reports and framed a proposed pension and retirement act for the Virginia Police Executives' Association. The reports demonstrated the desirability of establishing a system which would be financially sound and based on a jointly contributory principle. Estimates of probable cost to the state, the municipal corporations, and the policemen were included. The proposed system is to be administered by the state comptroller's office.

Two series of tables on state-administered locally-shared taxes were prepared. One series has appeared in the sixth edition of "Tax Systems of the World" and the other will appear in the "Municipal Year Book" for 1936.

The most recent study of the Bureau advocated the establishing of a merit system for the state employees of Virginia. It appeared as the March 1 issue of the University of Virginia *News Letter*. Its purpose was to emphasize the need of a study of the personnel situation to be undertaken by a commission to be appointed by the governor to study the classification of positions and salary standardization in the state service.

Besides its research activities the Bureau is building up a library on public administration including books, pamphlets, and state and local documents. This special library now totals approximately 15,000 volumes.

RAYMOND UHL, *Acting Director*

*

New Bedford Taxpayers' Association.—The Association has continued its work of fact-finding and fact-presentation, to the end that efficiency in government may be obtained by coöperation as far as possible with public officials.

Last fall a study was made to try to determine the relation between the federal ERA expenditures and the expenditures of the local welfare department. Taking into account the fact that the city furnished the material and the federal government furnished the labor on different projects, it was determined that for every $1,000,000 spent by the federal government, there was a reduction of $300,000 in the expenditures for the welfare department. The rules, however, have been so modified and are so uncertain, that the effect of the WPA program is more or less a matter of guess. The future of the federal welfare program on municipal expenditures is the most doubtful item in the 1936 local budget.

Massachusetts had a state recess commission studying taxation which proposed a tax on the capital value of intangibles at the local tax rate. This form of wealth is now reached through an income tax. The Association found it necessary to appear before this commission and by a presentation of facts, point out how disastrous the proposals of this special commission would be to Massachusetts. Another proposal was to tax the inventory of manufacturers, which was fought by the Association on the basis of the effect upon industry, so that the commissioner's final report was not only against a tax on inventory, but was in favor of reducing the tax on industrial machinery. We hope that this legislation may be passed at the present session, so as to benefit Massachusetts industry.

At the present time the Association is coöperating with the Massachusetts Federation of Taxpayers' Associations in its protest against the budget of Governor Curley for state purposes, which is the highest that has ever been presented. The fight on this budget is based upon the inability of the taxpayers to pay more taxes in any form. Naturally this fight is on the border line of political action, but every effort is being made to keep it on a fact basis.

New Bedford Taxpayers' Association, having been formed in 1925, is trying to keep the spirit of research in the operation of those taxpayers' associations which have been more recently formed in Massachusetts and which have a tendency for more direct action.

HART CUMMIN, *Director*

*

Citizens' Research Institute of Canada.—The annual study of the cost of government in Canada—municipal, provincial and dominion—was again made in 1935 and three reports on the subject issued.

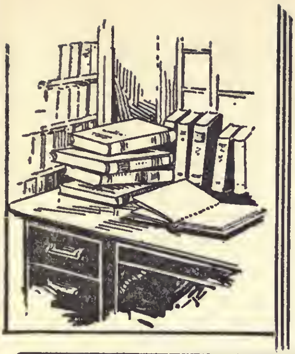
A study of the overspending of governments in Canada was completed showing that 1934 budgets of Canadian governments were unbalanced to the extent of some one hundred and ninety-two million dollars.

In the Institute's study of "A Nation-Wide Plan of Taxation for Canada," reports were issued covering the forms of taxation used for provincial and municipal purposes in the provinces of Alberta and British Columbia as well as a general financial survey of these provinces. A report was also issued on a study made of exemptions from municipal taxation in the larger Canadian cities.

The assistant director, Joseph E. Howes, was in charge of the installation of a modern system of valuation for assessment purposes in the city of Saint John, N. B., and in the revaluation of the business properties in that city with a view to replacing the tax on stock-in-trade, machinery, etc., by a tax on a percentage of the value of the property occupied, graded according to the type of business carried on. A report was made to the city council on this subject and also on a survey of the assessment and collection departments. This report was adopted by the city council.

Mr. Howes also coöperated with the finance commission of the new city of Windsor—made up of the former cities of Windsor and East Windsor and the towns of Walkerville and Sandwich—in the coördination of the systems of valuation for assessment purposes, in order to bring about uniformity.

The Institute has been asked to make an administrative and general survey of the village of Forest Hill, a high class residential municipality adjacent to Toronto.



RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Public Administration and the Public Interest. By E. Pendleton Herring. New York, McGraw-Hill, 1936. 416 pp. $3.75.

The fact that the governments of the United States have now assumed a positive responsibility for the management of the fundamental social and economic relationships has awakened students of public administration to their own new responsibilities. The Commission of Inquiry on Public Service Personnel has recently given us a series of significant monographs on personnel; there has been a revival of coördinated activity among students of administrative organizations (symbolized by the Public Administration Clearing House); and now Professor Herring presents a penetrating analysis of "the *external* aspects" of the public service.

We now have, the author believes, a bureaucracy with vast authority, an authority including the reconciliation of powerful conflicting forces in our society. But this bureaucracy suffers from the lack of an hierarchical organization, from the absence of a career service with an *esprit de corps*, from a lack of coödination, and from the failure of our political institutions to give it a sense of direction. Our spoils tradition, by which "we exchanged a weak bureaucracy concerned with the public interest for a strong and often corrupt political hierarchy," our preoccupation with the manipulative elective and legislative aspects of government, our negative attitude toward the problem of bureaucracy (demonstrated by our use of the word solely as a label of annoyance)—all these, the author maintains, have obscured the fact that today the future of democracy depends upon the supplementary development of a capable, powerful, but responsible bureaucracy. In other words, what the politician and the layman (and even some political scientists) describe as antithetical are in reality indispensable to each other. The "public interest" cannot, in a complex industrial world, be maintained by a legislative body and an executive unless aided by an informed and capable bureaucracy.

To illuminate these significant general observations, the author presents a number of administrative case studies of important federal agencies (the bureau of internal revenue, the state department, the tariff commission, the federal trade commission, the departments of agriculture, commerce, and labor, among others), giving particular attention to the relationships between the bureaucracy and the pressure groups which "coöperate" with or resist governmental control or guidance. These studies are rich in material previously ignored by students of public administration and fully justify their predominant position in the volume. Each reveals the special climate of pressures which surrounds a particular agency: Collectively they serve to emphasize the author's contention that the sharpest present-day issue in public administration is the democratic control of an indispensable bureaucracy.

With the author's conclusions that advances toward the solution of this problem have been and can continue to be made by coördination of administrative effort, particularly at the bureau chief level; by the expansion of the agencies of consultation, especially in the form of advisory committees; and by the publicizing of administrative action, making it as open as legislative action, the reviewer is in full agreement. But the suggestion that pressure groups and the bureaucracy be joined in an *entente cordiale*, carefully qualified as it is by the author, raises the question: Can a bureaucracy be "responsive" to pressure groups and remain "responsible" to democratic control? Despite this reservation, Professor Herring has written the most important book of the year on public administration.

WALLACE S. SAYRE

New York University

*

Social Security in the United States. By Paul H. Douglas. New York, Whittlesey House, 1936. 384 pp. $3.00.

As an interpreter of the federal social security act, Paul H. Douglas, professor of economics at the University of Chicago, possesses special qualifications. One of the earliest proponents of social security in the country, he portrays the events leading up to passage of the act from the vantage point not only of an interested spectator but in many instances, a participant.

In the section of the book which discusses the chief provisions of the act, relating to old-age assistance and insurance, unemployment insurance and welfare features, Professor Douglas explains what in his opinion has been omitted which should be included and what features are too restrictive. In a section indicating the probable future of social legislation his comments are even more specific. The social security act, he feels, should be regarded only as the first step.

He believes that the Social Security Board should be given the power to see that the states pay adequate old-age pensions. (Under the present provisions states can pay as low old-age pensions as they wish.) Other suggestions are that the amount of the federal subventions for old-age pensions should be raised from $15 to at least $20 a month and that those states which are particularly poor should receive grants to help them pay adequate pensions.

Speaking of old-age insurance, the author believes that the requirement that an aged person must withdraw from a gainful occupation in order to secure an annuity should ultimately be withdrawn. Even if the tax offset method of financing unemployment insurance is retained, as in the present act, additional funds should be obtained and used for aiding states with high unemployment rates to maintain minimum benefits and to provide benefits for workers who migrate from state to state.

If the constitutionality of the national system of old-age insurance is upheld, the tax offset system of providing for unemployment insurance should be transformed into a national system for providing uniformity of eligibility rules and benefits for the country as a whole. The system of unemployment insurance should be reinforced by measures such as provision of emergency benefits for those who are in need when they can no longer claim standard benefits, but graduating these allowances according to a means test.

Written before the supreme court's decision in the case of the agricultural adjustment act, a chapter on the constitutional prospects points out possible lines of attack and also possible defenses. Professor Douglas emphasizes the necessity of liberal interpretation of the act. The text of the social security act is given in the appendix.

*

School Finance and School Districts. By Katherine A. Frederic. Washington, D. C., National League of Women Voters, 1936. 41 pp. 25 cents.

Provision of equal educational opportunity for all is one of the goals of our democracy. Actually the amount and quality of children's schooling depends very largely upon whether states are "comfortably fixed" or feeling the pinch of poverty. Many believe that the federal government with its broader financial powers should take a more decisive part in equalizing educational opportunity.

While concerned with this, Miss Frederic is more interested in what can be done now without devising a new tax or system of distribution, for example, establishing larger units of school taxation and administration, modernization of state revenue systems, and utilizing the best known methods of distributing state aid.

Lists of questions at the end of the pamphlet guide groups in studying the organization and finances of their local schools, state support of the school system, and also federal assistance to education.

Trend of Tax Delinquency, 1930-1935. By Frederick L. Bird. New York, Dun & Bradstreet, Inc., 1936. 26 pp. $2.00.

Total collections for the year 1935 in cities of over 50,000 population tended to run ahead of the year's levy, not so much because of any great increase in collection of the year's current taxes as because of the growing revenue from the huge accumulation of delinquent taxes which had been piling up for several years. A chart in Dr. Bird's study portraying the median year-end delinquency in 150 cities for the period 1930-1935 shows the peak of delinquency at the end of 1933, after which it began to drop steadily.

Twenty-four cities closed their fiscal years ending in 1935 with 10 per cent or less of the year's taxes uncollected. Cities in California had the best records. The average municipality was slightly less than one-half year's levy short of realizing the total taxes due at the close of the 1935 fiscal year. While emphasizing the close relationship evidenced between good tax collection methods and low tax delinquency, the author concludes that even without further improvement in tax collections, the great majority of cities should be able to maintain balanced operations without serious difficulty.

*

Municipal Index and Atlas. American City Magazine Corporation, New York City, 1936. 555 pp. $5.00.

A number of exceptionally useful articles are included in the new material presented in this yearbook which is known for its excellent maps and lists of all incorporated places in the United States and Canada having a population of 1000 or more. Among these is an article on the new method of water disposal of garbage; another tests the efficacy of police radio by comparing crime records before and after its installation. The average rates for residential electric service are given for 1716 communities served by municipal power and there is a list of municipal gas plants in the United States. Another compilation appearing for the first time is that of state planning boards and their officers. Sewer-rental laws for the forty-eight states are given and a new section tabulates the number and types of business machines owned by 384 cities.

A Debt Administration Manual for Texas Cities. By J. T. Barton. Austin, University of Texas, 1936. 109 pp.

Difficulties of the last few years have made clear the advisability of having a long-term plan in connection with municipal debt. To aid city administrators in making such a plan this manual lays down principles which have been found sound and effective. Chapters deal with the issuance and sale of city obligations, refunding operations, the procedure incident to paying the periodical principal and interest charges on funded indebtedness, administrative aids essential to the development of a sound debt program, features which should characterize security issues, types of information on debt which a city should keep available and the state's part in debt administration.

*

Training for Municipal Administration. Report of a Committee of the International City Manager's Association, Chicago, 1936. Apply to the International City Managers' Association. 20 pp.

Among the recommendations of this committee, the third to be appointed by the International City Managers' Association to consider the general subject of preparation for municipal administration, are that: (1) A general undergraduate course in public administration of a cultural character should be offered by universities, designed to attract both liberal arts students and those in the professional schools seeking a public service orientation of their courses of study; (2) an informal system of public service advisers should be established by the universities to guide the interests and ambitions of students into channels which may later prove useful to the public service; (3) graduate students should be accepted for specialized training for public administration following a carefully devised selective process; (4) a definite program should be developed providing for the absorption by the local government service of perhaps twelve apprentices a year.

Other recommendations suggest specific action to be taken by the International City Managers' Association including plans for an annual institute offering a short course in municipal administration and continuation of the association's extension work until it is possible to offer courses covering the entire field of municipal administration.

*

The Relationship of City Planning to School Plant Planning. By Russell A. Holy. New York, Bureau of Publications, Teachers College, Columbia University, 1935. 135 pp. $1.50.

Schools located on main arteries of traffic dangerous for children, insufficient playground space, overlapping school districts, residential areas in which schools are located transferred into business sections, erection of garages or automobile service stations very near schools—a mere listing of some of the possibilities that may develop in the absence of consideration of schools in city planning indicates the importance of coöperation between school authorities and city planning commissions.

There has been little effort to coördinate the two planning activities, according to Dr. Holy, resulting in frequent and costly mistakes. School plants should be located so there is a minimum of danger to children in traveling from home to school, and not in areas bordering railroad or other transportation lines. The location of junior and senior schools should be considered in the light of convenient transit facilities. Zoning regulations should protect schools from being surrounded by industrial and commercial plants. The city plan and plans for school buildings should be harmonized to contribute to the beauty of the city. Frequently city parks and playgrounds can be combined with school grounds advantageously.

Information to be exchanged by the city planning commission and the board of education is itemized as an approach to closer coöperation between the two.

*

Survey Report of the Cincinnati Public Schools. Made by the United States Office of Education, 1935. 476 pp.

Review of Recommendations in "Survey Report of the Cincinnati Public Schools." Made by the School Survey Sponsoring Committee, 1936. 64 pp. $1.00.

Report of Comments and Observations on "Survey Report of the Cincinnati Public Schools." By the Cincinnati Bureau of Governmental Research, 1936. 129 pp. $1.00.

The three volumes are published by the Cincinnati Bureau of Governmental Research.

The Board of Education of Cincinnati about two years ago authorized a comprehensive study of the financial and administrative set-up of the city schools which should include recommendations for improvement. A survey was conducted by the United States Office of Education whose findings were printed in 1935. Two mimeographed reports issued recently present the reactions of the committee which sponsored the survey and the Cincinnati Bureau of Governmental Research to the recommendations made in the survey. The three volumes constitute a thorough discussion of the purpose of public education and the best methods for achieving it through the city school program.

*

Outline of Governments. By Roger Shaw. New York, Review of Reviews Corporation, 1936. 212 pp. $1.00.

The average space devoted to a country in this book is less than two pages, yet within this compass is packed a wealth of information. Every government on earth is included not excepting the remote and tiny—Iceland and Iraq, Andorra and Lichenstein. Mr. Shaw, who is foreign editor of the *Review of Reviews,* explains that his purpose is to provide a background of information which will make the reading of the daily news more understandable and interesting. In entertaining style he tells the salient facts about the government of each country but also includes such illuminating comments as "In Buenos Aires society, Englishmen are clubmen; Americans are honest fellows who had better stick to their work."

Or he tells us that Rumanians speak a language which more closely than any other tongue approximates classical Latin; that most of the ruling class of Liberia are Methodist or Baptist; that every Mexican over eighteen years old is entitled to a plot of government land for cultivation; that two monarchies are financed chiefly by England who makes annual grants to them "on condition of good behaviour."

Mr. Shaw's explanation of proportional representation is one of the clearest and most concise that has appeared in any book of popular appeal.

NATIONAL MUNICIPAL REVIEW

JUNE ✦ 1936

Control of Municipal Debt

Programs of Municipal Credit Rehabilitation
• • • THOMAS H. REED

State Receiverships of Insolvent Municipal Corporations
• • • ARNOLD FRYE

The Work of the North Carolina Local Government Commission
• • • B. U. RATCHFORD

The Federal Municipal Debt Adjustment Act
• • • A. M. HILLHOUSE

Fiscal Aspects of Serial Bonds
• • • PAUL STUDENSKI

The Importance of Sound Governmental Credit
• • • T. DAVID ZUKERMAN

The Decline, Fall, and Resurrection of the Credit of Detroit
• • • HENRY HART

The Bonded Debt of 283 Cities as at January 1, 1936
• • • C. E. RIGHTOR

Published at 150 FREMONT STREET, WORCESTER, MASS., by the

NATIONAL MUNICIPAL LEAGUE

309 EAST 34th STREET, NEW YORK, N. Y.

VOLUME XXV, NO. 6 TOTAL NUMBER 240

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND A. EGGER
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE

Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis *First Vice President*
C. A. Dykstra, Cincinnati *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
L. Arnold Frye, New York
Robert M. Goodrich, Providence, R. I.
Arnold Bennett Hall, Washington, D. C.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
David Hinshaw, Westtown, Pa.
Robert W. Johnson, Princeton, N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 6
TOTAL NO. 240

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR JUNE

League's Business .... *Howard P. Jones* 310
Editorial Comment .... *H. P. J.* 311
Programs of Municipal Credit Rehabilitation.... *Thomas H. Reed* 313
State Receiverships of Insolvent Municipal Corporations .... *Arnold Frye* 319
The Work of the North Carolina Local Government Commission .... *B. U. Ratchford* 323
The Federal Municipal Debt Adjustment Act.... *A. M. Hillhouse* 328
Fiscal Aspects of Serial Bonds.......... *Paul Studenski* 333
The Importance of Sound Governmental Credit .... *T. David Zukerman* 341
The Decline, Fall, and Resurrection of the Credit of the City of Detroit.......... *Henry Hart* 347
The Bonded Debt of 283 Cities as at January 1, 1936 *C. E. Rightor* 354

News of the Month

  Notes and Events.......... *H. M. Olmsted* 369
  County and Township Government.......... *Paul W. Wager* 372
  Proportional Representation.......... *George H. Hallett, Jr.* 375
  Taxation and Finance.......... *Wade S. Smith* 378
  Governmental Research Association Notes.... *Robert M. Paige* 381
Recent Books Reviewed.......... *Geneva Seybold* 385

The contents of the National Municipal Review are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service*.

COPYRIGHT, JUNE 1936

THE LEAGUE'S BUSINESS

Beaumont Thanks the League.—Beaumont, Texas, has just defeated an attack on its city-manager charter by a vote of 1,724 to 468—nearly four to one. Mr. Raymond Edmonds, City Clerk, sends us this welcome news and adds: "We are indeed grateful to you and the National Municipal League as an agency for providing valuable data which was used effectively in an educational campaign to defeat a change here."

* * *

On Special Issues.—Apropos the REVIEW's policy of sometimes devoting an issue to a single subject, Mr. W. A. Crosser, Secretary of the Bureau of Municipal Research of Des Moines, Iowa, writes us: "May I congratulate you on the recent form of the NATIONAL MUNICIPAL REVIEW. It is much easier to use for reference purposes when you have an entire issue devoted to one subject."

* * *

The League's Convention.—As announced in last month's issue of the REVIEW, the League's forty-second annual conference on government will be held in Toledo next fall. Exact dates will be announced shortly. We are planning an interesting program and would welcome suggestions from members as to topics to be discussed or particular problems in their areas that they would like to have considered.

* * *

Miss Wells Honored by Women Voters.—Miss Marguerite M. Wells of Minneapolis, first vice-president of the League, was re-elected president of the National League of Women Voters at its recent annual convention in Cincinnati.

* * *

Mr. Childs Accepts New Post.—Richard S. Childs, formerly president of the league and at present chairman of its council, was elected chairman of the board of trustees of the Institute of Public Administration at its annual meeting in May. Mr. Childs succeeds Raymond B. Fosdick, who recently resigned following his appointment as president of the Rockefeller Foundation.

* * *

Death of Howard Lee McBain.—The League suffers a real loss in the sudden death of Dr. Howard Lee McBain, long a champion of good government and one of the country's foremost authorities on constitutional law. Dr. McBain was a member of the League for many years and formerly served on the Advisory Editorial Board of the REVIEW. At the time of his death on May 7, he was Ruggles Professor of Constitutional Law and Dean of the Graduate Faculties at Columbia University. From 1921 to 1923 Dr. McBain served as a member and secretary of the New York Charter Commission and in 1924 he had a large share in the drafting of the city manager charter of Rochester. He was the author of numerous books on government, including "The Law and Practice of Municipal Home Rule," "Government and Politics in Virginia," "American City Progress and the Law," "The New Constitutions of Europe" (in collaboration with Professor Lindsay Rogers), and "The Living Constitution."

HOWARD P. JONES, *Secretary*

Editorial Comment
❖
June

NATIONAL MUNICIPAL REVIEW

Vol. XXV, No. 6 Total No. 240

The Municipal Bankruptcy Decision

THE decision of the United States Supreme Court invalidating the municipal bankruptcy act is most unfortunate for those municipalities which are bonded for more than can ever be repaid as well as for the holders of such bonds. If the debt cannot be adjusted, the municipality's credit cannot be restored; as for the bondholder, he is apt to lose all instead of only part of what he put in.

In this 5-4 decision we again find what was so apparent in some of the famous earlier 5-4 decisions when Mr. Justice Holmes was on the bench—a clear cut conflict between realism and legalism. It is all very well to say that debts can be adjusted by agreement without court sanction but the fact is that whenever an agreement actually is reached by a city and a majority of its creditors, there is always a small minority who hold out and demand preferential treatment. The act held unconstitutional did nothing more than extend to insolvent municipalities the power effectively to adjust their debts by agreement with the majority of their creditors. As for those who say that a unit of government with taxing power can always levy sufficient taxes to meet its obligations, they forget that there is a limit not only to the ability to pay taxes but to the willingness to pay taxes. Those who close their eyes to this fact and reply with moral preachments would do well to look into the dusty case of St. Clair County, Missouri, when the failure of public officials to levy a tax for indebtedness became an act of heroism and those who served jail terms for contempt of court were lifted by public sentiment into the realm of martyrdom.

The act in the opinion of the majority of the Supreme Court constituted an interference with states' rights. The minority decision, with which the REVIEW finds itself in agreement, pointed out that far from being within the field in which the states can act, the law was in the territory embraced by the constitutional prohibition to the states against passing any law impairing the obligation of existing contracts. If Congress could do nothing about it, nothing could be done.

With some relish, the minority maintained that "to hold that this purpose (of debt composition) must be thwarted by the courts because of a supposed affront to the dignity of a state, though the state disclaims the affront and is doing all it can to keep the law alive, is to make dignity a doubtful blessing."

An article elsewhere in this issue of the REVIEW summarizes the experience under the municipal bankruptcy act. The appraisal does nothing to alter our view that the act represented an intelligent effort to solve a knotty problem and any realistic approach to the constitutional question could not but have found it valid. It is with some satisfaction that we observe a charter member and a former president of the National Municipal League, Mr. Justice Brandeis and the Chief Justice respectively, concurring in the minority opinion.

Toward Better County Government

TO the outsider viewing the session of the New York legislature just completed, it must have appeared that, as the result of the conflict of a Democratic senate and Republican assembly, nothing whatever was accomplished in the way of constructive legislation. This is distinctly not the case. While much sound legislation was lost in the deadlock which prevailed until the last days of the session, many good measures were passed, among them two bills providing the opportunity for the reorganization of county government. The first was the Nassau County charter bill and the second the Fearon bill setting up optional forms of county government, both bills passed pursuant to the provisions of the county home rule amendment adopted by the voters in November.

The Nassau charter, drafted by the Consultant Service of the National Municipal League for the Nassau County Commission on Governmental Revision, provides for an elective county executive and a number of interesting inventions directed toward the coördinating of county and local administration of the various functions. The charter, which will go to the voters of Nassau County in November, represents the first local use of the county home rule amendment which those interested in the improvement of local government in New York State fought for so long and so hard. It is encouraging to see a county of Nassau's consequence getting into action so early.

The Fearon-Parsons bill setting up optional forms of county government will pave the way ultimately for other counties to follow in the footsteps of Nassau and Monroe counties (Monroe having adopted the limited county manager plan as authorized by earlier legislation). One of three bills submitted on this subject, (the other two being the Desmond-Mailler and Buckley-Reoux bills, the latter sponsored by the New York State Commission for the Revision of the Tax Laws of which Seabury C. Mastick is chairman) this measure establishes five optional forms of county government—"the elective county executive form" (Plan A), "the appointive county executive form with full administrative powers" (Plan B), "the appointive county executive form with restrictive administrative powers" (Plan C), "the board of district supervisors form" (Plan D), and "the board of supervisors form" (Plan E). The last mentioned is the present form with improved budget procedure and other administrative alterations.

It is to be regretted that Plan D is the only form in this act which permits a change in the present set-up of the county board of supervisors. As many REVIEW readers know, the New York State system is for the county board to be composed of the town supervisors, who are the chief administrative officers of the towns, plus representatives from any cities in the county. This frequently results in boards far too large for any good use. Plan D permits a small board, the members to be chosen by districts within the county but no plan permits

(Continued on Page 318)

Programs of Municipal Credit Rehabilitation

The past few years have witnessed the restoration of municipal credit, badly shaken by the depression, in many cities

THOMAS H. REED *Director, Consultant Service, National Municipal League*

MUNICIPAL credit is something almost altogether in the mind of the creditor, present or prospective. It has no necessary relation to the quality of city administration or the strength or weakness of the city's real financial situation. The market value of municipal securities is like that of patent medicines in that it does not depend on what is in them so much as on what the buying public *think* is in them. And it must be somewhat ruefully admitted that the purchasers of large blocks of municipal bonds are as ready to accept without investigation the representations of the seller as are the reputedly simple-minded victims of quack nostrums. Indeed prior to the late unfortunate depression investors were prone to take the word "municipal" as in itself a guarantee of soundness. The trustees of the teachers' pension fund of one of our larger states, for example, invested heavily in 6 per cent temporary notes put out by the million by a struggling municipality. They did not take, as they should have done, the 6 per cent rate as a danger signal. In fact, it was probably the go-sign for them. They made no effort to learn whether the works for which the bonds were issued were needed and were being economically constructed, or whether the abutting property assessed to pay for them was worth enough more than the assessments to make collection probable. And in doing as they did they were exhibiting no exceptional carelessness. It was the common belief that all municipals were good.

And then, preceded by some drastic happenings on the Florida peninsula, came the depression and its accompanying defaults. All municipal credit suffered. Fear and suspicion, almost as unreasonable, replaced the unreasoning confidence of the flush years. Even perfectly sound places found it difficult to borrow except at high rates, and panic reigned among the creditors of every seriously threatened city. The bottom was reached in the summer and fall of 1933. The past three years have witnessed what perhaps none of us will see again—the rehabilitation of municipal credit on a large scale. Public officials and financiers have had to develop techniques in handling the intangible problem of restoring buyer confidence in the securities of hundreds of municipalities. Their task was doubtless greatly facilitated by an unexampled appetite for tax exempt bonds as investments. The municipal bond market has been such that the issues, not only of places with spotless credit but many not so clean as well, could sell bonds at unprecedently low interest rates, almost regardless of their particular merits. But there were municipalities aplenty whose credit had to be forcibly rehabilitated and it is with these that this article will deal.

It would be well, however, to analyze the types of default situation which confronted us in 1933 before attempting to describe the cures prescribed for them. These natually fall into two main groups: First, those caused solely or almost solely by the rapid maturing of temporary debt at a time when cash resources were impaired—in other words, those in which the embarrassment was not fundamental; second, those in which the debt as a whole exceeded the ability of the municipality to pay not merely momentarily but permanently.

CITIES TEMPORARILY EMBARRASSED

The examples of the first class happily far outnumbered those of the second class, and they in turn fall easily into two sub-groups: (a) Those in which the municipality's embarrassment was due to what otherwise would have been normal tax anticipation borrowing at a time when tax collections were abnormally low; and (b) those where short term temporary improvement notes were issued to pay the cost of public works to be taken up by long term bonds which, when the time came, could not be sold. The first of these situations was intensified in some states like New York and New Jersey by the practice of requiring the unit of government charged with the duty of tax collection to pay the other units in full whether it collected 100 per cent or only 50 per cent of what was levied. This usually meant that the city, town, or township held the sack for the school district, the county, and the state. If it paid the other units in full, it had left only a minor fraction of what was required for its own needs. If it did not pay in full, the county and the school districts were plunged into similar difficulties. The second group (those embarrassed by excess of temporary improvement notes) were further crippled by the fact that the special assessments on which most of this type of financing was based in many cases proved uncollectible in even greater proportions than taxes, thus throwing on the reduced tax resources of the municipality a mountainous burden.

The distress of municipalities in both these groups of the first class was real enough. But it was susceptible of relief. These municipalities were not bankrupt, but embarrassed. Their greatest difficulty was that they needed not only a refunding of short term paper into long term bonds, but new money—fresh loans with which to meet state and county taxes, back payrolls, and unpaid bills. Experience has demonstrated that the holders of municipal securities in default are fairly willing to exchange them for other securities when the new issue is so set up that its obligations probably can be met when due. The creditor is irrevocably in for the amount of his investment and any way out is preferable to doing nothing. But to throw good money after bad is another matter. And the goal in programs of credit rehabilitation for such places has been to construct a plan so good as to reassure the doubts of sound backers.

The initiative in these situations has sometimes been taken by the creditors forming a bondholders' protective committee, but that has not been the characteristic method of procedure—although there have been some notable successes achieved by such committees as in the case of Detroit. The usual modus operandi has been to begin with a survey. These surveys vary all the way from a cursory examination of tax collections and the structure of the debt to elaborate and detailed studies, such as that made by the Consultant Service in Asbury Park and St. Petersburg. As the market for municipal bonds improved there was almost a rush of would-be refunders to take advantage of it. In New Jersey many municipal auditors took advantage of their position to get appointed as "fiscal agents" for refunding purposes. Bond dealers went systematically into the business of promoting refunding. Some of the plans, naturally, were a bit haphazard—others most meticulously worked out. All of them, however, attempted to estimate on the basis of past experience the probable income to be derived for several years to come from current taxes, delinquent taxes, and other sources; the necessary operating expenses of the municipality; the sums it must pay to the state, county, school districts, etc.; and the amount then left for debt service. With this information in hand a refunding plan would be set up spreading maturities on the refunding bonds in such a way that the new money would be repaid ahead of old obligations. Time enough has not yet elapsed to tell how many of these plans were well-founded. Their success in general has been greatly promoted by the improvement in tax collections in 1934 and 1935. Most municipalities are now—if we take current and delinquent taxes together—collecting as much in taxes as they ever did. There are exceptions, of course. The real danger, however, lies in the false hopes aroused by the fact that, where recovery is exceptionally rapid, collections actually exceed the annual tax levy. This nicely takes care for the time being of any excessive expectations of the refunding plan. That cannot last, and a close examination of the situation would often disclose that a sizeable proportion of so-called taxable real estate is not paying—is even incapable of paying taxes at all. Plans based on unduly swollen estimates of tax receipts in future years will necessarily come to grief. If the day of reckoning for some of the ill-considered plans has not yet come, it is to be definitely expected.

These credit rehabilitation programs have been definitely assisted in New Jersey by the cash basis refunding acts—chapters 60 and 233 of the laws of 1934. The second of these pledges the municipality to levy each year a sum sufficient on the basis of the current tax collection experience of the preceding year to produce in cash the required debt service on the refunding issue. Chapter 60 goes further and requires a similar enhanced levy to cover the whole budget, but permits deductions from the amount to be raised, not exceeding the collections of the preceding year, for estimated collections of delinquent taxes, special assessments, etc. In other words, chapter 60, once any bonds are refunded under it, puts the municipality compulsorily on a complete cash basis.

It is not surprising that chapter 60 and chapter 233 bonds are in high demand and that the acceptance of the terms of one or both of these acts has been made a condition of most New Jersey refundings. On the other hand, if a miscalculation has been made in estimating the rate and amount of future tax collections, deficits may result which will pile taxes mountain high on the unfortunate victims of such hasty refunding.

As an example of a rehabilitation of credit program which illustrates most of the quirks and turns of this new enterprise let us take the city of Yonkers. This city on December 31, 1933, owed short term and unfunded obligations as follows:

Notes and certificates of deposit past due	$7,412,532
Due county for 1933 taxes	1,616,955
Unpaid claims (including three months payroll)	2,461,953
Total	$11,491,440

The city, however, was not in default on either principal or interest of its bonded debt. A survey was made at the suggestion of an informal committee representing noteholders. As a result of this survey, in which the operation of every department of the city government was carefully checked, a budget was adopted which, in comparison with the 1933 budget, was as follows:

		1933 BUDGET	1934 BUDGET
Net Departmental Expenditures		$ 8,450,041.52	$ 7,281,784.23
Workmen's Compensation		12,500.00	12,500.00
Judgments, Etc.		84,886.76	120,422.89
Tax Discounts		12,000.00	25,000.00
Pension Fund Contributions		160,559.65	151,954.30
Debt Service	Bonded Debt	4,782,103.29	4,141,239.71
	Other Indebtedness		1,634,783.33
State and County Tax—1933		1,625,000.00	1,616,000.00
State and County Tax—1934			*1,241,500.00
Total		$ 15,127,091.22	$ 16,225,184.36
Less:			
Credits (Non-Tax Revenues)		4,144,902.87	3,626,029.83
Tax Levy		$ 10,982,188.35	$ 12,599,154.53
Tax Rate		3.11	3.79
Assessed Values		$352,498,783.00	$331,874,306.00

---

*This item represents the probable county levy for 1934, less a judgment in favor of the city.

The drastic reduction in operating expenditure, taken in conjunction with the even greater increase in the total levy, meant an increase in the amount available for debt service over 1933 of approximately $2,800,000.

This bitter dose so manfully swallowed by the city authorities induced the comptroller of the state to buy a millon dollars worth of their "relief" funding bonds, and at the end of six months the financial status of the city was sufficiently improved to induce the noteholders to consider a refunding proposal. In the meantime special legislation in aid of refunding in Yonkers had been passed by the state legislature. It required the city to set up a reserve of delinquent taxes equal to the amount of notes refunded plus $1,000,000. The city might borrow from this fund to meet expenditures otherwise provided in the budget, but was forbidden to appropriate any of it. This produced in a somewhat backhanded fashion nearly the same result as does New Jersey's "chapter 60." A re-survey was made to demonstrate as near as might be the sums that would be available for debt service during the next several years. It was thus made clear that an issue of approximately $10,000,000 of 5 per cent bonds could be amortized in ten years with *progressive* reduction of tax rates. On this showing of fact the noteholders were induced not only to exchange their securities for the new bonds but to take the late maturities leaving the early ones to repay a group of banks which put up $3,000,000 in cash to liquidate floating obligations to state and county, employees, and others. The city of Yonkers was thereby put upon its feet, and firmly so. Its tax rate, which rose from 3.11 per cent in 1933 to 3.79 per cent in 1934, came down to 3.39 per cent in 1935 and 3.356 per cent in 1936. The percentage of the current levy collected in each year has gone steadily up. It was 69 per cent in 1933, 71 per cent in 1934, and 74.82 per cent in 1935, and promises to be even better in 1936. The total of current and delinquent collections together now exceeds the amount of the levy. In other words, tax collections have returned to normal while the price of Yonkers bonds has risen nearly thirty-five points. Four and one-quarter per cent bonds due in 1950 sold in October 1933 at seventy-three (approximately a 7 per cent basis) and similar bonds of comparable maturity now sell at 107¾ (a 3.6 per cent basis).

By means such as this the great majority of the temporarily embarrassed municipalities have been now straightened out. To name them all would be impossible. To name some and not others might be invidious. So thoroughly, however, has the credit of most of them been restored that they can borrow money at lower rates than ever in their history. In fact, there is not a little heartburning among cities which borrowed at high rates before the depression, met every obligation on the nail, and are still paying high interest, where those which were forced into refunding have reaped advantage from their own default.

CITIES IN BANKRUPTCY

Much less speed has been made—and very naturally—in resolving the situations of the second class. Where the total debt is beyond the ability of the municipality to meet, there must in any definitive settlement be a scaling down of either interest or principal. This, bondholders have been reluctant to agree to. Many have preferred to keep their debtors on tenter-hooks, taking what they could pay and postponing settlement. In this class of situation bondholders protective committees have been common, and these committees have been very deliberate in coming to grips with their problems. And the procrastination has not been altogether on the part of bondholders and their committees. Municipal authorities, influenced by the popularity of low taxes and in accord with promises made in the heat of political campaigns, have dallied over the acceptance of reasonable proprosals.

Here again a "survey" has been frequently resorted to. Bondholders committees have spent a good deal of money gathering data and the cities have not infrequently employed their own experts. Such settlements as have been reached have too often been characterized, it is to be feared, by undue optimism—an optimism which assumes that the municipality really belongs not to the second but to the first class and that its embarrassment is temporary not permanent. Sliding scales of interest coupons quickly returning to the contract rate (usually much higher than current interest rates for cities that are good risks) and brief moratoria on principal payments characterize these refunding plans. Exceptional but insecure prosperity has kept some of these plans working, which a hurricane or merely a change of fashion might have thrown into the discard. Some are going to have to be remade. But in the great majority of cases creditors and debtors have marked time. The problem is a tough one. A clear cut reduction in interest or principal, or both, is by itself a blow to future credit. How to put a city through bankruptcy, scale its debts, give its new debt structure a sound basis, and its refunding and future issues a good market value, is something requiring thorough study and an impartial viewpoint. A refunding plan to accomplish such results must be realistic, and its auspices must be authentic. It is not enough to get the old bondholders to swap their present obligations for new pieces of paper bearing interest coupons of varying per cent and covered with conditions postponing principal payments whenever it is inconvenient for the city to pay. A number of these safe from default plans have been proposed, but they get nowhere really because such bonds are not easily marketable. In the meantime communities with bondholder judgments hanging over them, threatening confiscatory tax rates, cannot recover prosperity. We have pretty generally abolished imprisonment for debt, but many municipalities are in reality in a debtor's prison—with business enterprise well nigh paralyzed.

A credit rehabilitation program for such a desperate municipality must in my opinion partake of the following:

1. A sound *impartial* analysis of its resources, its taxpaying capacity, plus other available sources of income, and in this connection the obligations of the taxpayers to other units must not be forgotten.
2. An objective study of its operations to determine what expenditure is necessary to provide essential municipal services.
3. A determination, as nearly scientific as possible, of the sum which can reasonably be expected to be available, as a result of studies one and two, for debt service.
4. A refunding plan which offers in exchange for present securities new securities bearing normal rates of interest with normal maturities—such a bond, in other words, as would, if there had never been a default, sell at par or near it. The quickest way for a creditor to realize such of his principal as can be collected is to give him a salable bond.

Municipal politicians may object to the rigor of the measures suggested. Bondholders committees will contend perhaps that such plans deprive them of participating in the future prosperity of their debtors. But there can be no genuine prosperity for any community while an unpayable debt hangs over it unsettled. If the principle is sound that a creditor is entitled to lie in wait for whatever good fortune his debtor may long after enjoy, our bankruptcy laws are, of course, unsound. On the other hand, every debtor is in duty bound to do his utmost toward meeting his just obligations. Anything less is dishonesty. Good sense dictates that debtor and creditor should, with reasonable promptness, join in clearing the decks of the debris left by disaster.

EDITORIAL COMMENT

(Continued from Page 312)

their selection from the county at large. There are several other desirable options contemplated by the amendment which are not included in the bill—opportunity for widespread transfer of functions as between units, for example.

Nevertheless, the bill does represent some progress. Thus, Plan B gives counties of New York State a chance to adopt the county manager plan without running into constitutional obstacles. This alone is worth while. Further refinements should come at the next session of the legislature, particularly since the New York State Tax Revision Commission, whose reports supplied the basic ideas in all three bills, was continued for another year by the unanimous consent of both houses of the legislature. Furthermore, civic groups in New York State, having achieved this much, are not to be satisfied until full advantage has been taken of the provisions of the new county home rule amendment.

The Cities Pare Down Their Debts

It is an interesting fact, revealed by C. E. Rightor's tables of the bonded debt of 283 cities published elsewhere in this issue, that the gross bonded debt of these cities was reduced during the calendar year 1935, a year that has not been surpassed for investment interest in municipal securities.

While it should, of course, be appreciated that any consideration of the financial condi-

(Continued on Page 346)

State Receiverships of Insolvent Municipal Corporations

State Municipal Finance Commission has greatly aided rehabilitation of credit in New Jersey municipalities

ARNOLD FRYE *Hawkins, Delafield and Longfellow, New York City*

FOR the liquidation of the debts of insolvent private corporations, the equity receivership has long been recognized as a valuable legal instrumentality. From relative simplicity it has been developed to include the business management for a period of years of large corporate enterprises where the interest of creditors collectively as distinguished from that of individuals or minority groups requires the continuation of the business as a going concern, or the public interest requires the continuation of service.

For the liquidation of the debts of insolvent municipal corporations, the application of the principle of receivership has been much less widely extended. It is not novel, because from the time when public corporations were first created, sovereign states have frequently intervened in the management of the affairs of their creatures either through their judicial agencies, the courts, or through state commissions, whether legislative, administrative, or quasi-judicial as the public interest might require. Such defaults as occurred in the past in the payment of municipal securities were the result not so much of real insolvency as of attempted repudiation of particular issues, such as the notorious railroad aid bonds or the carpet bag bonds, where the taxpayers appear to have believed, however unwisely, that they were morally justified in refusing payment. During the recent depression, on the other hand, there were few, if any, deliberate attempts at repudiation. The over-extension of municipal debt during the years of speculation which followed the war, the rapid increase of real property valuations, too great reliance on special assessments, lack of care in arrangement of debt, the issuance of large amounts of "temporary" or bond anticipation notes, improvidence in substituting floating debt for cash collection of taxes, followed by an acute and violent deflation of property values and still further reduction of tax collections —all this resulted in a number of cases of genuine inability to meet the debts as they came due in a period when new bonds could not be sold, that is to say, of insolvency in the sense employed by the courts, of present inability to meet obligations on the contractual basis. This was most evident in states such as New Jersey, which had during the preceding years of speculation seen a very rapid increase of real property values and a concomitant relaxation of the laws supposed to control municipal debt.

To anyone acquainted with the general law and with the principles of business management, it was evident that in such situations the application of the principle of the equity receivership would afford the most effective creditors' remedy for liquidation of the debts. The resulting establishment of state receiverships of municipal corporations is one of the interesting products of the depression.

The first application to attract general attention was in Massachusetts in 1930. The city of Fall River, in spite of declining industry and increasing difficulty in collecting taxes, had continued for several years to maintain assessed valuations and to borrow in anticipation of taxes which could not be presently collected. When the limit had been reached, the state, in appreciation of the fact that financial embarrassment in even one municipality reacts unfavorably on the credit of others, provided by special act for a commission which refunded the outstanding tax obligations and has since continued and, so long as the bonds remain outstanding, will continue to exercise very substantial powers over the local administration.

The work of the Fall River commission has been such a success that similar acts have extended the principle to several towns which have since found themselves in financial difficulties. Connecticut provided by general act for a state commission having very broad powers of local government in the case of any municipality which finds itself obliged to go to the state for special aid in the matter of poor relief. The province of Ontario has established a commission with very broad powers unlimited by the constitutional provisions which are to be found in our states. A partial application of the receivership principle may be seen in the general acts which have been adopted in a number of states to control the funding or refunding of existing obligations.

The New Jersey receivership commission, entitled the State Municipal Finance Commission, was established in 1931, somewhat on the model of the Massachusetts Fall River Commission, but by general law as was required by the state constitution. It is appointed to function in a particular municipality by order of a justice of the supreme court either on application of a note- or bondholder who satisfies the court that the municipality has defaulted for over sixty days in payment of notes or bonds held by the petitioner, or on the application of the governing body of the municipality alleging the inability of the municipality to meet its obligations when due. In either case the court is required to make at least a summary investigation, and may subpoena witnesses and call the officers of the municipality. In the case of a voluntary petition, it must be established to the satisfaction of the court that the municipality is in fact unable to meet its obligations when due in spite of the endeavors of its officers.

NEW JERSEY COMMISSION'S DUTIES

The powers of the commission under the original act were largely limited to maintenance of an auditor in each municipality, to finding after investigation and public hearing the outstanding indebtedness, to vetoing the incurring of new debt except notes in anticipation of taxes of the current year, to ordering revaluations of taxable property, and to approving, after public hearing, resolutions authorizing the issuance of funding or refunding notes or bonds including provisions for special security payment.

As the commission came to be appointed receiver in more and more municipalities, it found that refunding was not the immediate problem. The municipalities had issued large amounts of short term notes or bonds in anticipation of the collection of special assessments on vacant lots. Most had enjoyed real estate booms of extraordinary proportions. The real estate development companies were themselves in bankruptcy. With current tax collections as low as 16 per cent, there was little chance of collecting special assessments. In some cases for a time it was a problem even to keep an effective government functioning and prevent many of the inhabitants from abandoning their small municipalities.

The commission early established the principle that there must be no reduction in principal of debt and had it enacted into law, even as regards such compositions as might be effected under the ill-fated municipal provisions of the federal bankruptcy act. Only one application was permitted under that act and that application provided 3 per cent back interest, 4 and 4½ per cent future interest, and for the principal in full.

CONTROL OF LOCAL GOVERNMENT FINANCE

The powers of the commission to control local government, originally largely negative, have been increased from year to year and increasing appropriations have been made by the state. The control over local expenditures for purposes other than debt service originally confined to a veto of increase in the total amount, has been extended sufficiently so that the commission has effected substantial reductions in operating cost. The commission now also has power to keep municipal expenditures within the reduced appropriations, for no claims may be passed for payment and no checks paid without the countersignature of the commission's local auditor. The commission has obtained in its municipalities control over the general municipal power to compromise delinquent taxes and assessments. It uses this control to minimize the number of such compromises and to require payment of such compromised delinquent taxes and assessments into reserve funds for debt service. It has also obtained some power to enforce tax sales and stiffen the collection machinery. As a result, its municipalities are finding themselves the owners of large tracts of the territory within their corporate limits and the commission is seeking legislation which will permit the sale of such lands under the most favorable market conditions.

The commission in conjunction with its staff does a large amount of day-to-day administrative work that is not in the least spectacular, but which is of value to taxpayers and creditors of the twelve insolvent municipalities, drafting budgets, guiding local officers, preparing reports to creditors, giving hearings to taxpayers, equalizing assessments and stiffening tax collections, auditing accounts, and preauditing expenditures. In one case, the inhabitants were threatening to leave the community because the municipal water supply was becoming non-potable because of overstrain on the filtration beds. The commission after careful studies procured the installation of meters on partial payments, thus so markedly diminishing the consumption of water as to bring the filtration plant well within rated capacity and make the contemplated new construction unnecessary. In one municipality the new water system was causing so large a deficit that default resulted. Under the direction of the commission, the deficit became a profit; with some new money from a state fund the temporary bonds were funded and default removed. A much needed sewer system has since been built with aid of the federal government. The population is increasing and the local officers are so well satisfied that they have continued to act under the advice of the commission after the legal compulsion had long ceased.

Some criticism has been drawn upon the receivership act by the provision for a stay of execution or mandamus when sought by an individual creditor or group, although the act expressly authorizes a summary proceeding on behalf of all creditors of the same class and gives to all creditors in such proceeding all rights to which they might be entitled as judgment creditors under any other law. The act also permits the court to set aside the stay of the individual execution. When the act was drafted in 1931, any stay provision was omitted in the hope that creditors through committees or otherwise in their own interest would act with virtual unanimity. Within less than a year, suits by individuals or minorities seeking preferential payment forced the legislature to recognize that in public as in private law receivership is not workable without a stay. The constitutionality of the provision then enacted has been upheld by the highest court in the state. The provision, of course, makes no attempt to prescribe procedure for the federal courts. A writ of mandamus was granted against one municipality by a United States district court but that writ was promptly vacated by the United States Circuit Court of Appeals on the ground that the issuance of the writ rested in sound judicial discretion and that in effect the writ should not issue where the municipality acts in good faith and accords equal treatment to all creditors. A review of this decision was refused last October by the United States Supreme Court.

ACCOMPLISHMENTS OF COMMISSION

Without attempting to appraise the work of the commission, certain results of its operations are believed by the people of the state to be self-evident. It has definitely established and maintained the principle that municipal bonds are to be paid without reduction of the capital sum. It has pointed the way and had a large influence in the establishment of the principle of the cash basis of operations. This principle was included in the well known cash basis funding act (chapter 60) of 1934, under which so many municipalities have funded their floating debts that it is computed that over 40 per cent of the population and over 50 per cent of the wealth of the state are now included within the municipalities operating under the very salutary budgetary provisions of the cash basis act. The budget bills now pending in the legislature contemplate the extension of this principle, as rapidly as may be, to all municipalities in the state. The commission indicated the need and was a strong influence in securing the passage of the local bond act of 1935. The commission also pointed the way to the need of strengthening the laws for the collection of municipal taxes. The legislative program of which the Municipal Finance Commission act forms a part has not yet been fully enacted, but municipal credit in the state has already been greatly improved and the obligations of the sounder municipalities are now selling on a basis comparable with the obligations of the better municipalities in other states.

The Work of the North Carolina Local Government Commission

State control of local finance has proved successful though improvement in methods of control needed

B. U. RATCHFORD

Duke University

FIVE years ago the North Carolina Local Government Commission was created for the primary purpose of exercising control over local debts. Its appearance was hailed as a significant step in the development of state control over local finances and it was expected to be instrumental in restoring the credit of debt-ridden local governments. Since this was a new and different approach to the problem of fiscal control, it may be profitable to review certain phases of the commission's work after five years of operation.

In the beginning we should note certain amendments and laws affecting the work of the commission since 1931. (See chapter 60, *Public Laws,* 1931, or NATIONAL MUNICIPAL REVIEW, June 1931, for provisions of the original act.) Most of these changes have had the effect of pulling some of the "teeth" of the original act. In 1933, after the director of local government had been appointed state treasurer, the latter official was made ex-officio director, and the commission was made a department of the treasury. At the same time the secretary of state was made an ex-officio member of the commission and of its executive committee. At present the executive committee, which for most purposes is the commission, is composed of four ex-officio members: the two above, the state auditor, and the commissioner of revenue, all except the last of whom are elective.

Under the original act the director may appoint an administrator of finance to take charge of the finances of a unit in default. The administrator may receive wide powers and function practically as a receiver. That this is a power deemed too extensive for safe use is evidenced by the fact that, although there have been scores of defaults and some demands from bondholders for appointments, no such administrator has ever been appointed. There have probably been several reasons for this. First, with the large number of defaults, the director might have had difficulty finding enough competent men if he had started appointing administrators. Second, he may have reasoned, quite logically, that if local officials were honest and conscientious the appointment of an administrator might do more harm than good by irritating and enraging local taxpayers. Finally, responsibility for the whole procedure rested squarely on the director, and the political reaction in the defaulting unit to the appointment of an administrator would hardly be favorable.

An amendment made in 1933 provides an alternative procedure to that above. One year after default the director, on petition of the holders of 51 per cent of the bonds of a unit, *shall* appoint an administrator by and with the consent of the resident judge. Then the petition, after published notice, must be filed on the civil docket of the superior court for hearing and final action. The holder of *any amount* of bonds may petition for a modification or revocation of the court order, in which case another hearing is necessary. The net result of the amendment seems to be that it diffuses responsibility and creates the possibility of endless delays.

A third amendment, also made in 1933, permits local governments, with the approval of the commission, to refund any part of their debts. If the refunding is accomplished with term bonds, no tax levy for principal payment is required until the year of maturity. As a fourth amendment, the general assembly repealed (ch. 418, *Public Laws,* 1933) the provisions imposing civil and criminal liabilities on members of the governing bodies of local units who refused to vote the necessary taxes for debt service. The law imposing this liability was enacted in 1929; it was another statute which was too severe and too dangerous politically to be enforced. Its repeal has resulted in some failures to levy necessary taxes. Both of these changes do much to weaken the original strength of the act, and may delay the repayment of debts.

Another law, enacted in 1935, strengthens the commission and enlarges its scope. After a local unit has been in default for six months, the commission may negotiate with the unit and its creditors, prepare and/or approve a refunding plan, and put it into operation. In such case the director shall have power to approve and supervise the budgets of the unit for such time as he thinks necessary.

It may be noted, finally, that the emergency bond acts of 1935 increase the responsibility of the commission in one respect. These acts suspend, until June 30, 1937, the statutory debt limits on local governments and leave the responsibility for limiting such debts entirely to the discretion of the commission.

FUNCTIONS OF THE COMMISSION

In considering the work of the commission, it should be noted first that it has been handicapped by limited funds and an inadequate staff. At present it has a staff of fourteen and operates on a budget of about $36,000. A part of its expenses—that incurred in the advertising, selling, and delivering of bonds—is charged against the units whose bonds are sold. But lack of funds has prevented the commission from performing many useful services. The work of the staff is carried out under the immediate direction of a secretary who is assistant to the director. A refinancing division of four employees completes the internal organization.

1. The most important phase of the commission's work, of course, is its function of approving applications for bond and note issues. The policy which the commission has pursued in this respect has been determined to a considerable extent by existing conditions in the state. Very heavy debts and numerous defaults have naturally prevented any large amount of new borrowing in recent years. The general policy of the commission has been to approve applications for bond issues only in cases of pressing need. Most of the bonds approved have been for necessary refunding, or for the improvement of water and sewer systems and school buildings, especially where PWA grants are available. For the two years ending June 30, 1934, approvals were as follows: funding and refunding bonds, $26,948,238; bonds in connection with PWA projects, $9,743,815; other bonds, $621,600. Bonds sold during the first

three months of 1936 were divided as follows: funding and refunding, $1,687,500; in connection with PWA projects, $1,053,000; others, $1,462,000. This latter analysis does not include bonds exchanged under refunding agreements.

The procedure for securing the approval of a bond issue is usually initiated by an informal conference between a representative of the local unit and the director or secretary of the commission. If the latter expresses disapproval of the project, negotiations are usually dropped and no formal application is filed. In considering an application the commission may be hesitant about giving its approval, and may instruct the secretary to request additional information. Frequently the local unit does not respond and the matter ends there. Relatively few applications are flatly rejected and a large proportion of them are approved. Officials of the commission contend, however, with reason, that the greatest contribution of the commission is the influence which it exerts to prevent local units from opening negotiations or making applications in cases where bond issues would be of decidedly questionable wisdom.

Because of the unusual conditions prevailing—the large amount of refunding, heavy debts, and the influence of PWA grants—it is very difficult to evaluate the standards enforced by the commission. The writer has heard no complaints that the standards are held too high, while a few individuals are inclined to think they are too lenient. It is significant that no application approved by the PWA has been disapproved by the commission, while in a few cases applications approved by the latter have been rejected by the PWA.

The commission has done very good work in the supervision of short term borrowing. In 1931 local governments had outstanding large amounts of revenue and bond anticipation notes which had to be renewed frequently at high rates of interest. This volume has gradually been reduced and new borrowing has been greatly curtailed. From March 1931 to December 1932 note sales, exclusive of renewals, amounted to approximately $13,000,000; from July 1, 1932, to June 30, 1934, approximately $8,000,000; while for the first three months of 1936 the amount was only $295,900. A good part of this improvement is due no doubt to improved tax collections, but the commission has been instrumental in preventing much needless borrowing. Also, through publicity and competitive bidding, interest rates have been reduced. The weighted average interest rate on the $295,900 of notes sold in the first three months of 1936 was 2.251 per cent. In a state where bank rates are very rigid and 6 per cent is the general rule, this is a significant achievement.

REFUNDING AND READJUSTING

2. The commission's largest task at present is the preparation and handling of refunding and readjustment plans. Approximately fifty units are engaged in refunding or exchanging some of their bonds, and each project involves considerable work. Since over 250 units have defaulted in the past six years, there is still much to be done here. The commission offers its services to any unit that wishes to refund or adjust its debt. Many of the plans are prepared by the refinancing division. Under the 1935 amendment the director may take the initiative in working out a plan for a defaulting unit, but just now the staff is fully occupied helping those which request aid. Improved finances and the threat contained in the 1935 amendment are evidently inducing many units to clear up their defaults. The director recently announced that during the past two years eighteen counties and twen-

ty-eight cities and towns had completed refunding or exchanges with a total saving in interest, over the life of the bonds, of $36,422,086.

When bonds are to be exchanged under a readjustment agreement, the state treasurer is the official depository. The commission receives the old bonds, makes interest adjustments, and delivers the new bonds. Actual costs incurred are charged to the refunding unit, but services are given free. This represents a considerable saving for local governments.

SUPERVISION OF SINKING FUNDS

3. Another important function of the commission is the supervision of the investment of sinking funds and of the safekeeping of current funds. Following flagrant abuses in the handling of these funds during the twenties, the general assembly incorporated in the original act very strict provisions governing such funds. In regard to sinking funds much damage had already been done for which the act could offer no remedy. In its first report the commission stated that on June 30, 1932, sinking funds showed $3,306,431 of eligible investments and $5,649,440 of ineligible investments, the latter consisting of real estate mortgages (some second and third), collateral notes, personal loans, real estate, stocks and bonds of private corporations, and loans to current funds for operating purposes. Due to the circumstances of the time, the policy then was to proceed very slowly in requiring the liquidation of ineligible investments, since "forced sales of such investments would not accomplish the intent and purpose of the law." The 1934 report stated that, "The commission felt that conditions throughout the depression period were too unfavorable to cause foreclosures of a large amount of real estate mortgages representing sinking fund investments," and hence it had "deferred forced liquidation in order to avoid heavy losses" but had "encouraged local units in trading such investments for their own bonds on a basis of par for par." Since no figures were given in the 1934 report it is a fair assumption that more than half of the sinking funds are still invested in ineligible assets. In respect to current funds the situation is much better. On June 30, 1932, $4,552,229 were properly secured while only $497,353 were improperly secured or not secured at all. The matter was not mentioned directly in the 1934 report, but presumably all such funds are now properly protected. Local units report twice each year on the status of sinking and current funds.

4. Supervision of auditing contracts and the approving of bills for auditing services are other functions of the commission. The supervision of contracts was first applied to counties in 1927, and between that date and 1930 total costs were reduced from $216,404 to $82,887. The commission reported a further saving—for all units—of $54,926 during its first year of operation. The commission may require all units to use a uniform accounting system, but it has done no more than prepare a "uniform classification of accounts" for counties. There is a great need for improvement in governmental accounting in the state and the installation of a good system of uniform accounting would be an important step in the right direction. But the commission is not inclined to undertake this now in the face of considerable opposition from local units—and because the change would require extensive training and instruction of local accountants in the use of the new system.

5. The commission also requires reports on general finances from local units every six months. These are supposed to be complete financial reports,

but they fall far short of this. They include information concerning population; assessed value; the rates, levies, and collections of property taxes; combined revenues and profits of publicly owned utilities; and a few statistics on debts and defaults. They include no information concerning expenses and none on revenues except as noted above. Obviously they are not in the form of a balanced statement, and it is impossible to tell from them whether a unit has a deficit or a surplus. Such information as the reports do contain is not readily accessible since the staff has not been able properly to tabulate and analyze the statistics. No statistical reports have been published, due to lack of funds.

6. The commission has no direct supervision over debt retirement. It keeps a ledger for each unit showing all the relevant data for every bond issue. Each month it mails to each unit a statement of the interest and principal currently falling due. The governing bodies and officials of these units are required to hold debt service funds inviolate and to remit them at the proper time under penalty of both civil and criminal liabilities. The notices of the commission must be returned, showing what action was taken regarding interest payments and maturities.

Local government officials of the state are favorably inclined toward the commission. Some are indifferent, while others are enthusiastic in their praise of it, but the writer has found no trace of hostility. One of the outstanding and well informed county managers of the state was strong in his commendation, and thought that the act was one of the most constructive steps taken by the state in recent years. The city attorney of one of the largest cities in the state was so enthusiastic that he thought the essentials of the plan should be embodied in the constitution.

SUMMARY

In conclusion, we may summarize developments of the past five years by dividing them into debits and credits. The debits are:

1. The work of the commission is given a definite political tone by the fact that the director is identical with the elected state treasurer, and its powerful executive committee is composed of four state officials, three of whom are elected.

2. The merging of the position of director and state treasurer imposes too much work and responsibility on one man.

3. The director has shown no inclination to use his power to appoint administrators for defaulting units; the 1933 amendment of this power was evidently an effort to evade responsibility and weaken the act while appearing to strengthen it.

4. The law imposing liabilities on members of the governing bodies of local units for not voting the necessary levies for debt service has been repealed.

5. Local units have been given the legal power to refund any portion of their debts into term bonds, on which no principal payments need be made until the year of maturity. The director recently announced, however, that in practically all refunding plans there are requirements for sinking funds.

6. The commission has made little progress toward installing a uniform accounting system.

7. Due largely to prevailing circumstances, little progress has been made in eliminating from local sinking funds ineligible investments made before 1931.

8. The commission does not collect adequate statistics on the general finances of local units, and the information which is collected is not analyzed and published.

(Continued on Page 368)

The Federal Municipal Debt Adjustment Act

Experience under the act too meager for definite conclusions to be drawn as to its usefulness

A. M. HILLHOUSE *Director of Research, Municipal Finance Officers' Association*

MORE than two years have elapsed since Sections 78-80 (popularly known as the federal municipal debt adjustment act) were added to the national bankruptcy laws, yet experience under this act has been so meager that both supporters and opponents can still advance arguments for and against the wisdom of this amendment with little fear of conclusive contradiction. Two years ago opponents warned that once this breach was made, the dikes protecting municipal credit would be down. Today they point a knowing finger to the passage in April of H. R. 10490 and H. R. 6982. The former extends duration of the amendment until January 1, 1940 (the original time of expiration was May 24, 1936); the latter liberalizes the act as applied to drainage, irrigation, reclamation, and levee districts. Where a loan has been authorized to such a special district by an agency of the United States government for the purpose of reducing or refinancing its indebtedness, the district may now file a petition without securing the written acceptance of 30 per cent of its creditors. Furthermore, the percentage of creditors of such special districts which must accept before the debt adjustment plan can be confirmed has been reduced from 66 2/3 to 51 per cent. Nor has Congressman J. Mark Wilcox (Dem.), Florida, ceased his efforts towards further liberalization of the act.

Supporters of the original Sumners-Wilcox bill, on the other hand, can with pride and equal validity stress the fact that they were right in predicting that the act would not bring a great flood of petitions and debt scaling. They contended that the privilege of using bankruptcy machinery to effect an adjustment acceptable to a majority of creditors could not and would not be abused, and that only those taxing districts which were so heavily burdened with debt that no hope of payment in full remained would resort to this procedure. To date this contention has been borne out by the facts. Less than a hundred taxing districts out of approximately 3,000 in default have filed petitions. A check of several sources shows a total of eighty-four petitioners, scattered through twenty states.

Arizona: Maricopa County Municipal Water Conservation District No. 1;

Arkansas: Poinsett County Drainage District No. 7, Chicot County Drainage District, Cypress Creek Drainage District, Little Red River Levee District No. 1 of White County, Grassy Lake and Tyronza Drainage District No. 9, its Subdivisions Nos. 3 and 4, and Subdivision No. 1 of the Carson Lake Drainage Improvement District;

California: City of Imperial; East Contra Costa, El Dorado, Glenn-Colusa, Imperial, Lindsay-Strathmore, Littlerock Creek, Merced, Naglee-Burke, Oroville-Wyandotte, Palo Verde, Paradise, Santa Fe, South San Joaquin, Oakdale, Vista, Terre Bella, and Waterford Irrigation Districts; Reclamation District No. 2064; and Pescadero Reclamation District No. 2058;

Colorado: Otero Irrigation District;

Florida: Clearwater, Belleair, Dunedin, Lake Wales, Sarasota, and Safety Harbor; Wahneta Drainage District; Broward County Road and Bridge District No. 3, and Special Tax School Districts Nos. 2, 3, 4, and 5;

Idaho: Boundary County Drainage District No. 8;

Illinois: Gillespie; Henderson County Drainage District No. 3;

Iowa: Green Island Drainage District;

Kansas: Frontenac;

Mississippi: Boyle; Lake Cormorant Drainage District;

Missouri: Pemiscot County Drainage Districts Nos. 3, 6 and 8, Scott County Drainage District No. 10, and Little River Drainage District;

Nebraska: Ralston and Spencer; Whitney Irrigation District;

New Jersey: North Bergen Township;

New Mexico: Antelope Irrigation District;

North Carolina: Benson and Rowland;

Ohio: Brooklyn;

Oklahoma: Wynona, Burbank, and Covington;

Oregon: Medford Irrigation District;

Tennessee: Sweetwater, Rogersville and Etowah;

Texas: Corpus Christi and Electra; Cameron County Irrigation District No. 1, Cameron County Water Improvement Districts Nos. 1 and 2, and Hidalgo County Drainage District No. 1 and Road Districts Nos. 1 to 8 inclusive.

Only twenty-three of these petitioning districts are incorporated cities, villages, or towns. The largest is Corpus Christi, Texas, with a population of 27,741 (1930 census). The most important urban district, however, to file petition is North Bergen Township, New Jersey. This township with 40,000 inhabitants is also the only petitioner in the east. The petitions of the Merced Irrigation District and North Bergen Township involve the largest amounts, approximately $16,000,000 principal indebtedness in each case. Frontenac with a population of 2,000 is suffering from loss of population and a decline in its main industry—coal mining. Wynona, formerly a thriving oil field town of 3,500 is now a quiet community of 400 with a debt of more than $1,000 per capita. The little city of Imperial (about 2,000 in population) is headquarters for the Imperial Irrigation District, also a petitioner in bankruptcy. Four states only—California, Texas, Florida and Arkansas—have more than five taxing districts in bankruptcy. Only two states—Kentucky and Michigan—with more than fifty taxing districts in default report no petitioners.

COURT ACTION NOT ALWAYS NECESSARY

There are several reasons why municipalities and other taxing districts have been slow to enter the bankruptcy courts. First, so drastic a step is not necessary in the great majority of default cases because most municipalities will eventually be able to pay in full. Usually they are asking creditors to accept only an extension of maturity dates, and a readjustment of interest rates so as to lessen the interest burden for a few years. Generally, unless the plan involves a scaling of principal, there is no necessity for going into the federal bankruptcy courts. Creditors are usually willing to coöperate to the extent of postponing maturities and sometimes reducing interest. Second, some petitions have not yet been filed because the taxing districts have not been able to get the consent of the required percentage of creditors. The novelty of the procedure, the fact that precedents and rules have not been settled, and doubt as to the act's constitutionality have also retarded use of this procedure. A fourth reason is that the mere presence of the act has in some cases induced minority creditors to accede to the plans of the majority. It has not actually been necessary to go into bankruptcy. Knowledge that the municipality and the majority could wield the "big stick" has been sufficient. But an even more important reason is that municipalities have sensed that this step invites a stigma which will materially damage their credit in the future. Filing of a petition under Section 80 immediately becomes news to the investing world, and singles out the petitioner from the general rank and file of defaulters. Moreover, cities have been warned by investment bankers and others that this act should be used only as a last resort.

STATE LEGISLATION

Failure by a majority of the states to pass statutes authorizing their municipalities to use the act seems to have had little if any deterrent effect. Section 80 does not specifically require enabling state legislation. By its terms it purports to reach political subdivisions, not only when the state consents, but also when the state has not exercised its power "to require the approval by any governmental agency of the state of the filing of any petition," or has no existing fiscal agency whose affirmative approval is required under the terms of the act. Nevertheless, following an opinion from the United States Attorney-General's office in which it was stated, among other things, that state legislation was necessary, more than a third of the states passed enabling statutes. Several of the statutes, however, are restrictive in nature. The Iowa and Oregon laws permit petitions only by special districts. In Louisiana, Michigan, North Carolina, Pennsylvania, and Oregon a state agency must first give its approval. In point of fact petitions have been filed in ten states which have no enabling acts.

With but two or three exceptions, the act has been used in an honest endeavor to effect a debt adjustment desired by the municipality and a majority of its creditors. The filing of a petition by New Orleans in April 1935 was but "by-play" in the feud between Mayor Walmsley and Senator Huey Long. Similarly petition by the village of Lemont, Ill., in May 1935 was but a

Debt Adjustments Under the Federal Act

Name of Taxing District	Principal Involved	Percentage Payment of Par Value	Reduction in Interest
Gillespie, Ill.	$ 236,000	50	Yes
Belleair, Fla.	1,049,000	100	Yes
Imperial Irr. Dist., Calif.	14,250,000	100	For 3 years
Lindsay-Strathmore Irr. Dist., Calif.	1,428,000	59.978	Yes
Merced Irr. Dist., Calif.	16,221,000	51.5	Yes
Sante Fe Irr. Dist., Calif.	688,000	53.55	Yes
Waterford Irr. Dist., Calif.	634,925	48.82	Yes
Imperial, Calif.	97,500	100	Yes
Poinsett County Arkansas Drainage Dist. No. 7	5,600,000	28.879	Yes
Chicot County Arkansas Drainage Dist.	705,087	31.1131	Yes

tactical move. The village president and board having been cited for contempt in a state court sought to delay action therein by placing the village in bankruptcy. The petition was promptly dismissed because the village had not secured the required consent of creditors.

The majority of petitions filed are still pending, but the character of the adjustments in a few cases where plans have been approved can be shown. (See table on previous page.)

Reconstruction Finance Corporation loans have provided the money for refinancing in most of the settlements of special districts. If a cash offer for a reduced principal is offered to the bondholders, and 85 per cent or more accept, the RFC disburses sufficient funds to pay such bondholders and takes possession of the district's outstanding bonds. A petition is filed solely to make the plan binding upon those who refuse the plan offered, usually a very small percentage of the original holders. Upon approval of the plan and completion of the settlements, refunding bonds are issued to the RFC in exchange for the original bonds. The refunding issues bear interest at 4 per cent and mature over a period of thirty to thirty-five years, whereas the original bonds usually bore interest at 6 per cent.

Experience under the act has already demonstrated that the machinery has certain good points yet could be improved. A decided advantage to the petitioner is that the court, after approval of the petition, usually halts all mandamus actions.[1] For example, after petition by Sarasota, Florida, had been filed and approved, the court stayed fifteen suits then pending against the city.

After approving the petition the court orders all creditors to appear and file their sworn claims on or before a certain date. A date for hearing is likewise set, generally sixty or ninety days after approval of the petition, and a short period after the date for filing claims. A special master may be appointed to represent the court. On the day of hearing all parties are heard as to the merits of the proposed debt adjustment plan. Testimony is taken and evidence presented. Questions of law are submitted by briefs, and the court may allow additional time for presentation of briefs on the part of objectors and for answer and rebuttal.

DELAYS ENCOUNTERED

Altogether the procedure is too slow. Municipalities in default can locate the owners of their bonds only with great difficulty. Yet before a petition can be filed the requisite consent of 51 per cent of the creditors (or 30 per cent in the case of special districts except as provided by H. R. 6982) must be secured. This in itself requires a long delay.

A further delay has developed in Florida because of a provision in the state refunding law requiring that all bonds be validated in a state circuit court proceeding. After one town successfully put its plan through the federal court, its refunding operation was further delayed by an attack on the validity of the bonds in the validation proceedings, and an appeal to the state supreme court after all objections had been overruled. Several of the Texas cases were delayed after a federal district court in that state ruled in *In re Cameron County Water Improvement District No. 1* (1934 S. D. Tex.) 9 Fed. Supp. 103, that the act was unconstitutional. Further proceedings were halted, awaiting action by the appeal court.

Only a guess can be made as to the extent to which the act will be used in the future. A greater number of petitions by drainage, irrigation, reclamation and levee districts may be expected within the year now that the Miller bill (H. R. 6982) has made the procedure much easier for the petitioning district. The number of petitions by other municipalities will also likely increase. Some municipalities are just now, after many months of effort, securing the requisite consent for filing a petition. There have been an increasing number of petitions since January 1, 1936. Still other municipalities will decide to file petitions, now that the trail has been blazed. But there is a limit to the number of taxing districts that will resort to this procedure. The larger cities have, for the most part, already adjusted their difficulties. There are scores of municipalities that will never be able to pay their debts, but these are in the minority.

---

[1] Mandamus will also not issue from a state court while a suit is pending in the federal court. See *Morris v. South San Joaquin Irrigation Dist.* (1935) 2 Cal. (2d) 492, 41 P (2d) 537.

The petition filed in March 1936 by North Bergen Township may raise some interesting questions of practice since under the state's municipal receivership law the township's fiscal affairs are in the hands of the New Jersey Municipal Finance Commission. This will be the first time that state and federal legislation, both dealing with a municipality in default, have come into close contact. The relationship of the commission to the court, and the nature of the commission's control while the petition is pending and after the plan is approved are important matters to those who see complementary state and federal legislation as the most adequate solution to the problem of municipal insolvency.

JOINT LEGISLATION

Two approaches to the problem of joint federal and state legislation have been suggested. One is to tie the state administrative body in more closely with the federal bankruptcy procedure. Federal legislation cannot provide for an active leadership in financial rehabilitation, but state legislation can. A state receivership cannot coerce minority creditors, but a federal municipal bankruptcy act can. Each supplies the major limitation in the other. The other proposal pursues a different tack. State equity courts would provide all the court machinery necessary. Federal legislation would be needed, however, to give extra-territorial effect to state decrees. It is contended by able proponents that Congress might, irrespective of its bankruptcy power, pass a law declaring that a state insolvency or bankruptcy decree must be given full faith and credit in the courts of other states and in all federal courts. Article IV, section 1 of the constitution provides that full faith and credit shall be given in each state to the public acts, records, and judicial proceedings of every other state and that Congress may, by general laws, prescribe the manner in which such acts, records, and proceedings shall be proved *and the effect thereof*. It would seem that Congress under this provision could make state decrees nationally effective.

The constitutionality of the act has already been litigated in the lower federal courts. The Texas federal district court case, aforementioned, ruled that the act was unconstitutional. Several months later, however, two other federal district courts ruled favorably. Two appeals to the United States circuit courts (ninth and fifth circuits) are pending, but the question of constitutionality is now squarely before the United States Supreme Court, having been put in issue by a petition for a writ of certiorari from the United States circuit court of appeals, fifth circuit, which had upheld the constitutionality of the act in the case of *Cameron County Water Improvement District No. 1 v. Ashton*, No. 7830 (opinion dated

(Continued on Page 368)

Fiscal Aspects of Serial Bonds

Proper distribution of bond maturities an important aspect of the debt problem

PAUL STUDENSKI

New York University

MUCH has been said and written during the last twenty years or so in favor of the straight serial type of bond issues as against the sinking fund type. For the benefit of the lay reader, it may be explained that a serial bond issue matures in annual series which are redeemed directly from appropriations, whereas a sinking fund bond issue matures at one single time and is paid off at one sweep from a sinking fund accumulated for the purpose during the duration of the issue. It is generally admitted that serial bonds possess the following merits:

(1) They are easier to administer than are sinking fund bonds. Their administration is free from the various complications with which the management of any fund, and particularly of a sinking fund, is beset. It is not necessary in their case to worry over the investment of funds, the adequacy of the accumulations to meet the obligations of the fund, the manner of disposing of surpluses or providing for the deficits of the fund, the possibilities of converting the assets of the fund at the proper time into cash at favorable prices, and over other like matters.

(2) It is more difficult for dishonest or careless officials to evade the requirements of the law as to the amortization or redemption of the debt in the case of serial bonds than in the case of sinking fund bonds. In the case of serial bonds, any such evasion becomes immediately apparent. It does not require an investigation, as it does in the case of sinking fund bonds, to determine whether the requirements of the law looking to the ultimate repayment of the debt have been complied with.

(3) The diversification of the terms of the bonds in the case of serial issues generally enhances the marketability of the bonds since every type of investor can find among the various series the exact term that will suit him best.

(4) At a time when shorter time investments are preferred, serial bonds whose average term is shorter than the term of the corresponding sinking fund bonds can be marketed more easily.

On the other hand, it is also recognized by many students of the subject that sinking fund bonds likewise possess certain merits and might continue to be used to advantage provided the financial managements are competent and know how to handle them. Their merits may be recapitulated as follows:

(1) In times of an extreme stringency in the money market, when loans are obtainable only at very high rates of interest and at large discounts (if they are obtainable at all) a municipality using sinking fund bonds may be able to borrow its current requirements from its sinking funds, at moderate rates of interest. Its sinking funds would have large cash incomes which might be bor-

rowed. The municipality may thus procure accommodations which it would have never been able to obtain under as favorable rates of interest or even under any rates of interest had it not been using sinking fund bonds. If the municipality borrows the money on short terms and restores it to the sinking fund at the proper time, it will in no way impair the soundness of the fund.

(2) In times of a severe business depression and decline of municipal revenue, a municipality may use its sinking funds to prevent a default. Under serial bonds, it may not be able to avert a default under the same circumstances. It is significant that some of the most serious defaults on long term bonds during this depression involved serial bonds.

(3) In times of high interest rates and low bond prices, a municipality may be able to buy for its sinking funds bonds bearing a higher rate of interest than required under its amortization plan, and it may, moreover, purchase such bonds at prices considerably below par. It may thus effect large savings in the costs of its indebtedness. A competent financial management may be able to obtain these results for the municipality even under ordinary circumstances.

(4) In times when long term bonds are in demand, sinking fund bonds become more marketable.

(5) In the case of refunding issues, sinking fund bonds are often preferable to the serial ones, for the reason that their terms are uniform. Uniformity of the terms is important in the case because the original bonds for which the new ones are exchanged are generally of uniform terms. Where the refunding bonds are serial in nature most of the bondholders prefer generally the earliest series, and since there are not enough of such series for general distribution, considerable friction develops.[1]

DISTRIBUTION OF COSTS AND THE RATE OF DEBT REDUCTION

Serial bonds are compared with sinking fund bonds also as regards (a) the distribution of their costs during the duration of an issue, (b) the rate of reduction of the debt resulting under them, and (c) the aggregate costs of such debt. In making these comparisons it is necessary to distinguish between straight serial bond issues under which the same amount of bonds mature each year, and the annuity serials under which the maturities increase from year to year in the measure in which interest charges decrease.

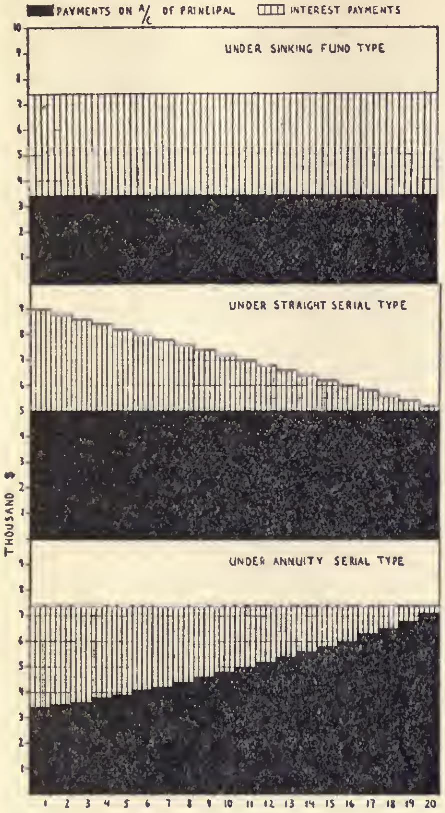
As can be seen from graph I, the annual costs to the municipality of a sinking fund bond issue and of an annuity serial issue, remain uniform from year to year throughout the life of the issue; and if the terms and interest rates (paid or earned) in the case of both types of issue are the same, their annual costs to the municipality are identical. This uniformity and identity of annual costs in their case, however, is not obtained in the same way: in the case of sinking fund bonds, both the payments on account of the principal and the payments on account of the interest run on an even keel. In the case of the annuity serials, on the other hand, the payments on account of the principal increase from year to year while those on account of the interest decrease. It should be noted, however, that in the actual operation of the sinking fund bonds, certain deviations from this even distribution of costs occur from time to time. Whereas the amounts paid as interest remain the same throughout the duration of the issue, the amounts paid on account of the principal require periodic

---

[1] The ablest statements of the pros and cons of serial bonds are found in A. D. Chandler's article in the *American Economic Review* (December, 1913); in Luther Gulick's chapter on the subject in A. E. Buck's *"Municipal Finance"*; in the National Municipal League's "Model Bond Law," second edition, 1929; in Lent D. Upson's *"Practice of Municipal Administration"*; and in T. D. Zukerman's article in the *Annals* of the American Academy of Political and Social Science (January, 1936).

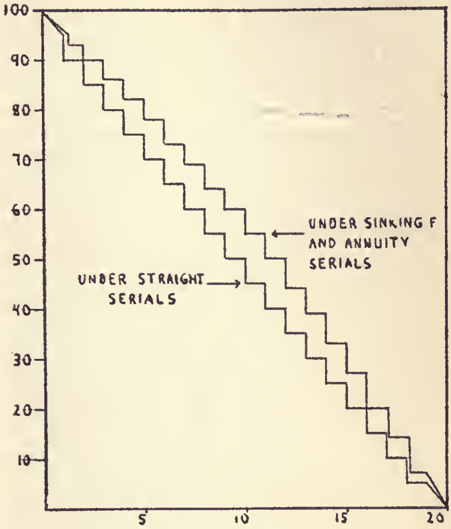
GRAPH I

Annual Cost to the Municipality of a $100,000 Bond Issue under Sinking Fund, Straight Serial, and Annuity Serial Types of Issue



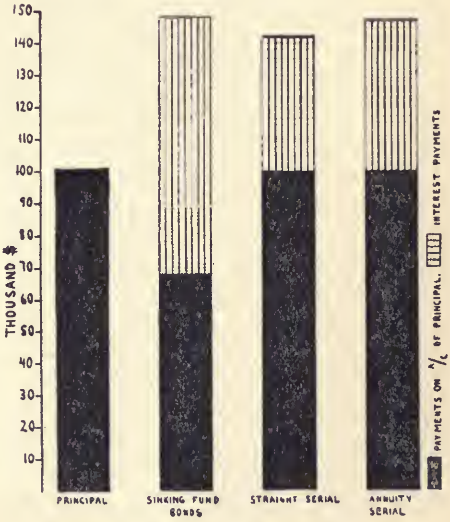
GRAPH II

Net Outstanding Debt at End of Each Year in the Case of a $100,000 Bond Issue, 20-Year Term 4% under Sinking Fund, Annuity Serial, and Straight Serial Types of Issue



GRAPH III

Total Costs of a $100,000 Bond Issue under Sinking Fund, Straight Serial, and Annuity Serial Types of Issue



readjustment. When a higher rate of interest is earned by the sinking fund than required, it becomes necessary to reduce the amortization installments. If the opposite occurs, and the earnings fall below the requirements, it becomes necessary to increase the installments.

By contrast with this even distribution of the costs of the sinking fund and annuity serial issues, the costs of a straight serial issue are decreasing from year to year. They begin at a higher level than that at which the others run, but end at a lower point.

As shown in graph II, the rate of reduction of the debt in the case of the sinking fund bonds, (barring the unexpected irregularities to which reference has been made) is identically the same as in the case of annuity serial bonds. In both cases the rate is slow at first, and becomes more rapid later. In the case of straight serials, on the other hand, as shown in the same graph, the rate of reduction of the debt is, from beginning to end, uniform.

As shown in graph III, sinking fund bonds (again barring the irregularities mentioned) and annuity serial issues cost the municipality, in the long run, more than the straight serial bonds. The difference is in the amount of interest paid. In the case of the straight serial bonds, less interest is paid in the aggregate than under either of the other two types of bonds for the reason that the indebtedness is reduced in their case more rapidly than in the latter instances. The municipality has the benefit of the full or nearly full amount of the loan in the case of the straight serials during a shorter period than in the case of the other issues. Therefore, it does not have to pay as much interest.

PAY-AS-YOU-GO DESIRABLE

Assuming that the borrowing municipality is able to make the heavier payments required of it in the beginning under a straight serial issue, it will pay the municipality under the present fiscal circumstances to use straight serials in preference to the other types of issue. The municipality will secure thereby the benefit of a greatly reduced debt and of greatly lessened debt charges after a few years, and will be able to finance new capital outlays without increasing its debt or the burden of its debt charges on the budget. Its credit will improve.

It may be well for the municipalities to recognize that they cannot keep on pyramiding debt in the future as they have been in the past. Most of them have paid a heavy penalty during this depression for having borrowed inordinately in the past. The embarrassments they have suffered need not be recounted. They will pay even a heavier penalty in the future should they indulge in the same practices once more. For it is quite apparent that the growth of our cities in population and in wealth will not be as rapid in the future as it has been in the past. Our cities may not be able, under these circumstances, to expand their budgets as rapidly as they did before the depression. The decline in our immigration and in our birth rates, and the trend towards the decentralization of our industry and population under the influence of motor transportation and other factors, clearly point to that conclusion.

To insure their continued solvency, therefore, the municipalities must avoid undue encumbrances against their future budgets. They should provide for a rapid liquidation of their existing indebtedness and for a rapid reduction of their existing debt charges, and for a gradual transition to a pay-as-you-go plan. Such a transition may be effected through the allocation in the budget each year of an ever larger appropriation for capital outlays. The employment of straight serial bonds — in so far as bonds might still be issued — will facilitate this transition. For, as the debt charges under serial issues will decrease, larger appropriations for the direct financing of the capital outlays will become possible, without increasing the burdens on the budget of the combined debt and capital expenditures. The best time to begin to shift to a pay-as-you-go plan is now, when the capital outlays in most of the municipalities are very moderate in amount. It will be much more difficult to make these changes later on.

Sinking fund bonds should be employed only by municipalities possessing capable financial managements or operating under effective state supervision; and they should be used, under present circumstances, on a restricted scale. The use of the annuity serial bonds should be discouraged for they result in ill-advised postponements of debt payments.

The shift to straight serials and to a partial pay-as-you-go plan would result in a material improvement in municipal finances, however, only if it is accompanied by certain supplemental fiscal devices. These are: (1) the restriction of future bond issues to moderate terms; (2) careful planning by each municipality of the maturities of its entire outstanding and projected indebtedness; (3) the wider use in future bond contracts of callable features; and (4) the insertion in such contracts in the future of clauses permitting the refunding of the bonds under certain circumstances and within certain limits.

As has been pointed out by the writer years ago, when municipal credit was still blooming, municipalities should seldom issue bonds for terms exceeding twenty years. In the case of most of their loans for capital outlays, terms of ten, fifteen, and twenty years should suffice. Borrowing for longer terms results in a dangerous pyramiding of the debt.[2] The correctness of this advice and these warnings has been amply sustained by the developments which have taken place in the field of municipal finance during this depression. The municipalities which had followed the policy of restricted borrowing and had limited their loans to moderate terms have sustained the storm of this depression much better than those that have not. The ability of the municipalities to withstand future depressions depends in no small measure upon the restriction by them of their future borrowings to moderate terms.

COMPREHENSIVE PLANNING OF MATURITIES

It has been customary for municipalities to fix the term of each bond issue without regard to the distribution of maturities of their entire indebtedness and without relation to other such pertinent factors. Their tendency has been to fix the term in each case according to but one consideration, that of the probable life of the improvement to be financed in the case. As a result, in most of the municipalities the maturities of the indebtedness are distributed in a most irregular and faulty manner. Their concentration in certain years and otherwise faulty distribution has in a number of cases caused municipal defaults and other difficulties.

The term of each bond issue (whether of serial or sinking fund type) should be fixed in the future in relation to the debt maturities of all other outstanding issues and with due regard to the need of the municipality for new capital financings in the future. Each municipality should have at all times a definite plan of debt maturities and a schedule of debt service with which the terms of any new bond issues should conform. At the present time scarcely any municipality has such a plan. Few, in fact, even know what their debt maturities (other than those maturing in the current year) are; and still fewer know what interest charges will need to be paid by them each year during the existence of the debt. Very few municipal financial reports contain information of this sort. To prepare a few illustrations showing the distribution of the debt maturities in some municipalities, it was necessary for the writer with the assistance of others[3] to examine a considerable number of financial reports, most of which were found not to contain the required information. In the instances in which a proper schedule of debt maturities was found, it was generally necessary to compute the interest charges in order to complete the information. It should be made incumbent on the municipal financial managements as a first step towards a planning of the debt maturities of their municipalities to prepare a schedule showing what the present distribution of debt maturities and interest charges in their city is, and to present this information in their financial reports.

---

[2] See Paul Studenski, *Public Borrowing* (National Municipal League) 1930, chap. VI; also earlier articles.

[3] Appreciation is expressed to Dr. F. L. Bird of Dun and Bradstreet's for the suggestion of pertinent financial reports.

In some municipalities comprehensive planning of debt maturities has been attempted recently. In every case this planning has taken place in connection with the refinancing of a debt either in consequence of a default or as a means to avert one. Too frequently the planning in these cases has been so strongly dominated by a desire to reduce the immediate charges on the budget as to result in a neglect of the exigencies of the future.

LACK OF PLANNING OR BAD PLANNING

On the opposite page a few significant illustrations are given of the distribution of the maturities and debt charges in several municipalities under the serial plan of bonds. Most of these distributions are open to criticism. Some of them are the result of a total failure of the municipalities concerned to plan their debt maturities and debt service as a whole. Others are the consequence of improper planning.

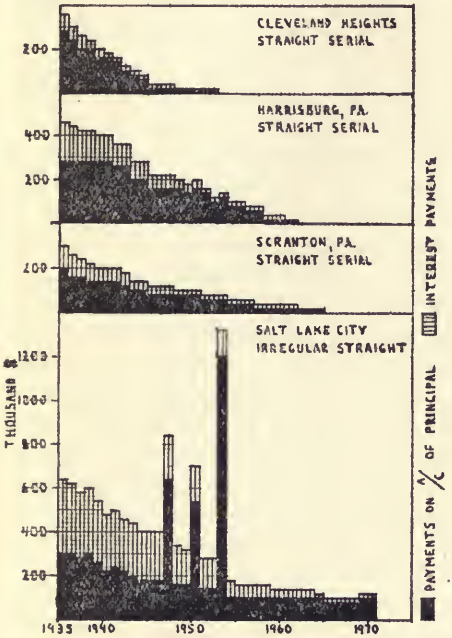
One of the most conspicuous examples of unplanned or poorly planned distribution of maturities is that of Salt Lake City. The maturities in this case, as will be seen from graph IV, are distributed in an extremely irregular manner. Unless the municipality establishes a sinking fund for the eventual retirement of some of its supposedly serial issues, it will be confronted with very serious embarrassment at the time these issues mature. Much more satisfactory (although not altogether impeccable) are the distributions of the maturities and debt charges in Scranton and Harrisburg, shown in the same graph. But the best distribution is found in Cleveland Heights. It will be noticed that the debt of that city will be liquidated in practically twelve years and that the debt service is reduced in a fairly uniform manner. Should Cleveland Heights decide to shift to a pay-as-you-go plan, it could accomplish this shift without any difficulty.

In graph V the reader will find two prominent examples of bad planning of maturities under refinancing plans. These are the cases of Newark and Detroit. It will be observed that in both instances the maturities are so arranged that the debt service increases during the first few years. In Newark, where straight serials are used, the debt service declines eventually, but it extends altogether over a period of almost fifty years. The rate of repayment of the debt is far too slow. In Detroit, where annuity serials have been employed, the rate of repayment is likewise slow and the bulk of the repayments are shifted to the future. The debt charges, after climbing to a high plateau and continuing on it for years, come to a sudden stop in 1963.

Finally, in graph VI, two other instances of imperfect planning of maturities under refinancing programs are presented. These are the cases of Cape May, New Jersey, and Troy, New York. In Cape May the original distribution of the maturities, as may be seen, was very irregular. Moreover the maturities concentrated in the main during the present period. Under the refinancing plan, annuity serials have been employed, most of the maturities have been placed in the later years, the debt service immediately ahead was cut and the debt charges generally were distributed evenly over the next thirty years. Should the city undertake new capital financings in the future, either by the issuance of bonds or on a pay-as-you-go plan, the burden of such a financing on the budget will increase (unless the budget as a whole increases too). Obviously, the municipality must have been very seriously embarrassed if it had to resort to a plan of this kind.

GRAPH IV

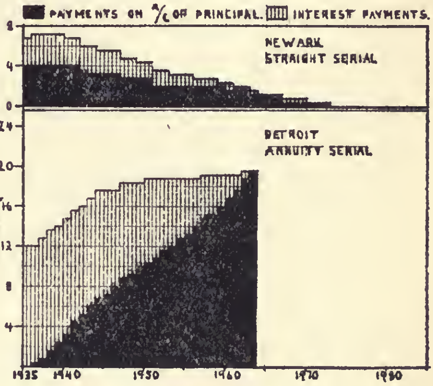
Annual Debt Charges in Cleveland Heights, Harrisburg, Pa., Scranton, Pa., and Salt Lake City



In the case of Troy, as seen in graph VI, a very queer distribution of maturities has been provided. This peculiar distribution is partly a result of an original irregular distribution of maturities, and partly a consequence of a newly adopted plan of refinancing a portion of the city's debt. This refinancing is being carried out under the so-called "equalization plan" devised by the New York State Department of Finance and incorporated in a law passed in New York in 1935 (chap. 295). Under this law, any municipality is empowered on a petition filed with the state comptroller prior to December 1, 1936, and with his approval, to issue so-called "equalization bonds." From

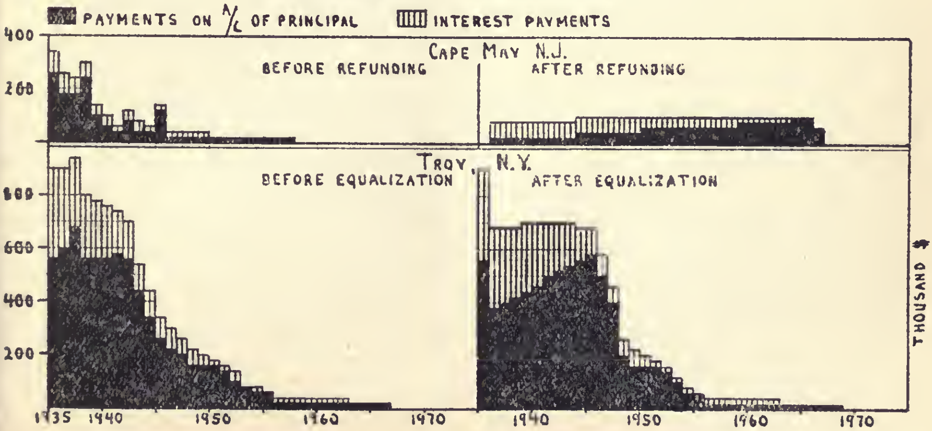
GRAPH V

Annual Debt Charges in Newark and Detroit on Tax Supported Debt after Refunding



GRAPH VI

Annual Debt Charges in Cape May, N. J., and Troy, N. Y., Before and After Refinancing



the proceeds from the sale of these bonds the municipality may pay off a part of its currently maturing bonds. It may issue the equalization bonds at any time prior to December 31, 1942, up to two-thirds of the amount of the currently maturing debt. It can issue them within these limits, in such amounts and for such terms as will equalize the annual debt charges of the city over a period of years. Taking advantage of this plan, Troy is now issuing "equalization bonds" by means of which it is paying off a part of its large maturities now falling due. It is shifting about one-fourth of its debt charges of the years 1936-1942 upon the years 1943-1946. The distribution of debt maturities under this equalization plan resembles in part a distribution obtained usually under an annuity serial plan of refinancing and in part one obtained under the straight serial plan of refinancing. It is really a "hybrid" plan.

The problem of planning debt maturities is not an easy one. We have scarcely begun to tackle the problem and will need to consider it carefully in its various aspects in the years to come.

CALLABLE FEATURE AND REFUNDING BONDS

Even under the best of planning it is impossible to distribute debt maturities in such a way that they will work perfectly under all circumstances. It would be wise for municipalities to reserve to themselves the possibility of readjusting their schedules of debt maturities under certain conditions. Bonds issued for terms of ten or more years should bear a clause permitting the municipality to call the bonds before the date of their maturity, perhaps, at prices slightly above par, after the expiration of a certain number of years. A municipality would then be able to take advantage of a sudden drop in money rates and to refund some of its outstanding bonds into lower interest-bearing ones, thus effecting substantial savings in its outlays for interest. The callable feature need not affect the price of the bonds adversely if it is so fixed that it may not be brought into effect before the expiration of, say, five or ten years from the time of the issue of a bond.

The bonds should also bear a clause permitting the municipality in the case of a severe economic crisis or other national emergency to refund its maturing bonds into new bonds, provided such new bonds bear a slightly higher rate of interest and run for not more than, say, five years. Such crisis or emergency would be deemed to exist when Congress proclaims it. A provision of this sort would enable a municipality to avert a default under conditions of this kind and so to reorganize its finances as to meet all its obligations eventually. It is hardly wise to place upon municipalities iron bound obligations which they could not possibly fulfill.

SUMMARY

To summarize the conclusions of this discussion, under present circumstances main reliance should be had by municipalities on straight serial bonds; the use of annuity serials should be avoided; a gradual transition to the pay-as-you-go plan should be inaugurated; such bonds as are issued should run for moderate terms, not exceeding generally twenty years; debt maturities should be planned with relation to the entire indebtedness of the city and with a view to effectuating a proper downward gradation of debt charges; callable features should be introduced in most cases of long term bonds; and provisions should be made generally in bond contracts for the possible refunding of the bonds at slightly higher rates of interest for terms of maximum five years in cases of national emergencies.

The Importance of Sound Governmental Credit

Reduction in interest rates would release funds for much needed services and public improvements

T. DAVID ZUKERMAN

Regents Inquiry into the Character and Cost of Education in New York State

The evidence is multiplying that this country is slowly emerging from the depths of the economic depression in which it has been engulfed so long, and that in consequence government—state and local at least—is recovering from the most serious aspects of the financial crisis which the depression entailed. As was noted at the annual conference of the National Association of Mutual Savings Banks held at Atlantic City last month, there is an encouraging trend to better tax collections. Current delinquency is decreasing and collections of accumulated arrears are making operation on a cash basis easier. Accordingly, another agreeable tendency noted was the fact that the debt load of municipalities generally was not greatly increased during the past year. Such facts, together with the recognition of unsound financial practices of the past which affected their credit adversely and the enactment of legislation to eradicate them, have done much to restore government credit.

However, jubilant officials who have seen the bonds of their units rise from a discount of as much as thirty points or more below par to ten or fifteen points above par and who have seen investment bankers bidding eagerly and paying handsome profits to the RFC for the municipal securities which could not be sold at legal rates of interest at the time of issue, should not misinterpret the reasons for their ability to issue their obligations at the very low rates now prevailing. That they are less an indication of good credit than of a very strong investment demand of idle money avidly seeking a profitable outlet is visible from comparisons with the past when there was no income tax to give them an exempt status and with the corresponding yields at which the bonds of strong industrial, utility, and railroad corporations have been issued recently and are selling currently.

Slightly more than a year ago, for example, New York City sold a refunding issue of serial bonds with an average maturity of 27½ years to a banking syndicate on a basis of 3.47795 per cent. Bonds with a 4 per cent coupon of the 1965 maturity were offered to the public on a 3.65 per cent basis. At about the same time, however, the Edison Illuminating Company of Boston sold the bankers a thirty-year issue of $53,000,000 sinking fund 3½ per cent bonds at a substantial premium, after rejecting an offer of a lesser premium for a 3.40 per cent coupon. They were priced to the public at 103.79, or on a 3.30 basis. On November 25, the city issue was selling at a price to yield 3.87 per cent, although a subsidiary of the

New York Edison Company saw its 3½ per cent bonds go at 102, a yield of 3.40, for the same maturity.

There are plenty of other examples. Somewhat over a year ago, Newark's 3¾ per cent bonds with 1946-1950 maturities were offered at a 4 per cent basis, whereas Chicago Union Station 4's yielded only 3.94 per cent for 1963 maturities. On July 30, 1935, the public offering of Seattle's $1,500,000 of 4 per cent bonds with 1943-1949 maturities was at par; whereas Wilson & Company's $20,000,000 4 per cent issue due in 1955 was also sold at par and the Brown Shoe Company's $4,000,000 issue with the same maturity, which also brought par, carried a coupon of only 3¾ per cent. In October the Socony Vacuum Oil Company's $50,000,000 issue went at par carrying a 3½ per cent coupon.

In August, the Pennsylvania Railroad sold $15,282,000 of equipment trust notes, and the public offering was at prices for the various maturities that compared very favorably with the corresponding yield of municipal short term serials. At the date of this writing, Southwestern Bell Telephone, a 3½ per cent issue floated last December at 102½ for a 1964 maturity, sold at 107, or a yield basis of 3.15 per cent; whereas New York City's 4¼'s of the same year was quoted at 113¾ bid and 114½ asked. At 114 the yield is approximately 3.68 per cent. Detroit's recent issue of 3½ and 4 per cent refunding bonds were floated to the public at 3.70 per cent for the 1949-1951 maturities and 3.75 for those of 1952-56. Yet Inland Steel 3¾'s of 1961 are selling at a substantial premium, as are Bethlehem Steel's 3½'s of 1960.

VANISHING INFLUENCE OF TAX EXEMPTION

Ordinarily the yields from municipal bonds are lower than from equally high grade bonds of railroads, utilities, or industrial corporations. A comparison made for fifteen issues of each class showed the yield on municipals to be lower by 14.66 to 22.53 per cent in 1922 and 1923, this differential decreasing almost half for railroads and utilities and but slightly for industrials by the end of the decade.[1] The reason naturally lies in exemption of the income from federal income taxation, as well as from similar taxation in the state of issue.

In view of recent sharp increases in surtax rates, that differential should be greater. For incomes at the $50,000 level, a yield of only 3.26 per cent from a taxable source is the equivalent of a tax exempt return of only 2¼ per cent. To secure a similar return the very largest incomes would have to earn 10.71 per cent from a taxable bond. Even with incomes as low as $10,000-$12,000 or for corporations the spread between a tax free yield of 2¼ per cent and the equivalent taxable return is from .28 to .34 per cent, and without taking into account the effect of state income taxes. Hence the situation is far from reassuring.

These are not the worst comparisons that can be made. On the other hand, it should not be thought that there are not governmental units whose credit is such as to secure rates in keeping with these considerations. An issue of the state of Massachusetts was reoffered at rates up to 2½ per cent for the thirty-year maturities somewhat more than a year ago; and New York State also is an example. Boston and Kansas City are examples of municipalities enjoying the highest credit ratings, and there are others. New England communities generally manage to secure favorable rates; and this is especially true of those in Massachusetts, which show yields comparing favorably with the rates paid by the federal treasury and the state of New York.

---

[1] "Cost of Government in the United States 1929-1930." National Industrial Conference Board, New York, 1933. Table 15 on page 53.

In general, however, the spread noted in a casual charting of yields on municipals over a period of time is surprising and disheartening. For tax anticipation borrowing it ranged from 0.134 for nine months by Brookline, Mass., and 0.164 per cent by Wellesley, Mass., to the 4, 3 and 2 per cent paid by New York City under the agreement with the bankers. (The state of Massachusetts sold a $900,000 note issue last July running for four months at 0.10 per cent plus a premium of $12.) One-year maturities have been noted at from 0.25 to 2 per cent and ten-year at from 1.90 to 4 per cent. Seldom was a difference of less than 2 per cent noted, and frequently more.

LOSS TO TAXPAYERS

It would be difficult to say what is the loss to the American taxpayer arising from the poor credit rating of his governmental organizations. In 1901 63 per cent of all municipal bonds issued carried 3 and 3½ per cent coupons, and the serial bond was practically unknown. In 1934, when term issues were rare, only slightly over 36 per cent carried such coupons, and the range was all the way to 5 per cent and more. Certainly it is not too much to say that, if proper consideration were given to the elements that make for good credit it would be easy to make a general saving averaging ½ per cent. On the approximately twenty billion dollars of state and municipal debt outstanding that would mean $100,000,000 a year. It would probably be as easy to double that figure.

The importance and significance of such saving cannot be overestimated. It could help lighten the burden on the taxpayer or furnish some of the funds needed to meet the relief problem. The sounder credit which it would reflect would have enabled governments to continue with their needed public improvements under programs already charted instead of the diminution thereof with the consequent effect of increasing unemployment and intensification of the depression. Cheaper money, a smaller return on investments, might have had the effect of increasing consumption and reducing the excessive savings which economists now insist are the cause of depressions. The redistribution of wealth which the New Dealers are insisting upon might have come about more naturally.

From the standpoint of the investor sound credit is equally important, as is shown by his willingness to accept a lower return when assured of safety and stability. And who is the investor? To a not inconsiderable degree the investor is represented by such institutions as savings banks, insurance companies, trusts, foundations, etc.,—in other words the trustees of the retired annuitant, the widow, the orphan, universities, hospitals, churches and similar eleemosynary organizations as well as the ordinary citizen's mite put away to meet rainy-day needs. In the case of a southern city examined, not less than 25 per cent of its bonds and notes were held by insurance companies and fraternal organizations, many of whom would be seriously affected by any embarrassment which might compel valuation at less than book figures.

NEED OF CAPITAL EQUIPMENT

One of the chief characteristics of modern civilized society is the constant growth in the use of machinery and other capital equipment per worker. It is that which contributes so much to increasing our productiveness. Installed primary power per wage earner increased by two-thirds in the thirty years from 1869 to 1899 and it more than doubled in the succeeding thirty years. Considered as part of the national wealth, the value of manufacturing machinery rose from some $500 in 1900 to $1,750 in 1922, the last year for which figures are available. Similarly the value of the telephone systems rose from $5.25 per capita to $16 during the same period and even faster in relation to employment within the industry, especially in view of recent mechanization. On the farm the value of implements and machinery rose from $105 per farm in 1850 to $525 in 1930, or from 52 cents per acre to $3.35.

What is true in these instances is true generally, and it applies with equal force to government, which has traveled far from the days when it meant little more than the police and the taxing power. Today governments furnish innumerable essential services vital to the well-being of the citizen. To provide these services increasingly requires the acquisition of costly capital equipment. Urbanization and growing congestion bring new problems with them which necessitate ever greater investments, as do the development of new modes of transportation such as the automobile, and new modes of thought such as spring from depressions.

ACCELERATING DEMAND FOR PUBLIC IMPROVEMENTS

Since 1925 surfaced highway mileage in state systems has more than doubled; and from 1921 to 1930 the mileage of all surfaced roads increased five times as fast as did the population. The value of public school property rose fourfold per enrolled pupil between 1910 and 1932—from $61 to $250; and annual expenditures for the purpose rose from $2.06 in 1890 and $3.93 in 1910 to a peak of $17.50 in 1925. New York City alone expended about two billion dollars for public improvements of all kinds in the sixteen-year period 1918-1933, averaging slightly more than $43,000,000 annually during the first three years of that period and $229,000,000, four and one-half times as much, during the three years 1929-1931. It is not surprising, therefore, that state and local indebtedness has grown more than fourfold in less than two decades, rising from $4.7 billion to $19.8 billion, or from less than $50 to $150 per capita. Annual borrowings rose from about $450,000,000 in 1916 and 1917, after a drop to $300,000,000 the following year, to a peak of $1.5 billion in 1927 and 1930. Although there was a substantial drop during the next two years, and the federal agencies had to be called upon for assistance, in the form of both loans and grants in addition to the sums spent by the CWA, the FERA, and the WPA for public construction by work relief, 1935 saw a recovery to within a quarter billion dollars of the peak.

The increase in refunding, while substantial, was not sufficient to offset the resumption of the trend, which will undoubtedly continue, despite charges of "extravagance," after making allowance for changed price levels. Indeed, if recent reductions in construction costs be taken into account, the borrowings of the last two years must indicate that a new peak has already been reached.

For, although work relief has provided and perhaps more than made up for interrupted programs of public improvements, it was only in particular aspects, in keeping with the principles underlying the philosophy of work relief. In other respects there has been again, as during the world war, a piling up of needs which may soon be pressing. In a recent survey, for example, the National Education Association estimated that, apart from the requirements arising from consolidation, a billion dollars was needed to house more than two and one-half million children in modern school buildings, in order to take them out of outmoded, obsolete, insanitary, and condemned buildings, as well as to reduce part time, as the result of the virtual cessation of construction since 1930.[2] How are we to secure these facilities? How finance and pay for them?

The Census Bureau estimated the expenditures for state and local government in 1932 to be as follows:[3]

Operation and Maintenance	$6,357,052,000
Interest	843,868,000
Outlays	2,361,695,000
Total Governmental Cost Payments	$9,562,615,000

HEAVY BURDEN FOR DEBT SERVICE

A study of expenditures for education in New York State for that year indicated that there had been a duplication in the amount devoted to state aid. It is probable that this duplication extended to such aid for other purposes as well and in the other states likewise. Thus the estimate above can be reduced by the amount shown as receipts from subventions and grants, some $868,000,000. Slightly over a billion dollars, most of which went for capital outlays, was borrowed. Total debt service has been estimated at $1,494,000,000,[4] which would indicate some $650,000,000 for redemption and amortization. Adjusting for these factors would point to total current costs of state and local government in 1932 amounting to about $8.5 billion, of which a third was devoted to capital outlays (probably including work relief) from current funds and debt service on borrowings representing past outlays.

This is about in keeping with general tendencies, though there are numerous cases where the debt service alone absorbs half or more the total operating budget. Such would be the situation in the city referred to above if proper provision were made for amortization of the term debt. As it is, the requirements for interest alone were in excess of the proceeds of the constitutionally limited tax rate of 1.25 per cent. In Westchester County in 1934 "42 cents out of every dollar in the tax levy went for the support and retirement of outstanding bonded debt. If every governmental service in the county were to be abandoned—all of the activities dealing directly or indirectly with public health, welfare, safety, and education—the residue of fixed charges plus the costs of assessment, equalization, levy and collection essential to meeting those fixed charges, and the reserves for slow and uncollectible taxes, would still leave the county with a per capita tax burden on property almost as high as the present average for all purposes of local government throughout the State of New York."[5]

For ultimately the "chickens must come home to roost." Sooner or later the budget and tax rate must reflect the original cost of the capital facilities needed, and if they are acquired with the proceeds of loans, with interest thereon depending on the credit of the issuer, and the judgment applied in the use of such credit.

BENEFITS FROM SOUND FINANCIAL PRACTICES

From 1926 to 1932 the net funded and floating debt of the states and localities increased 66 per cent; that of Massachusetts municipalities 26 per cent. For the 39 cities thereof interest absorbed but 8.1 per cent of the current charges against revenues and total debt service 19 per cent; for towns over 5,000 population the respective percentages were 5.9 and 15.8 in 1932. Only 50 of the 355 cities and towns had to avail themselves of the facilities afforded by legislation in 1933 to borrow from the state to meet the emergency arising from increasing tax delinquency. Less than half the amount made available by the state was thus borrowed.

---

[2] "The Nation's School Building Needs." Research Division of the National Education Association. Research Bulletin XIII, No. 1, January, 1935.

[3] "Financial Statistics of State and Local Governments 1932." U. S. Department of Commerce, Bureau of the Census, Washington, D. C.

[4] "Internal Debts of the United States." Edited by Evans Clark, New York, 1933. Macmillan. Table 70, page 258.

[5] Summary Report on "Land Uses and Local Finance." Westchester County Commission on Government. December, 1935. p. 37.

That shows what sound practices imposed as the result of good debt laws, proper budget procedure and intelligent accounting and reporting will accomplish. How different from the condition of the southern city referred to where about a sixth of the net debt clearly represented the funding of floating deficiencies in revenue and 55 per cent funding, floating, and refunding indebtedness. Not a single term issue that matured since 1918 was met except by refunding, including issues that already represented refunding operations previously and bonds to meet which special assessments had been collected. Finally even serial maturities of refunding issues could not be met and were converted into thirty-year refunding bonds.

Communities with such records do not contribute very much to economic soundness. Rather do they stand revealed as sore spots that add fuel to the flames in times of crises. The sooner they face the facts bravely and act in determined fashion to start afresh on the right path, the more will our economic fabric be strengthened and government be prepared to make a real contribution to the prosperity of the people.

The acquisition of additional facilities requires increasing sums for upkeep and, ultimately, for replacements. Work relief has disclosed the distressing physical condition of much public property because of inadequate maintenance. It will be better for all concerned, including the lender, if the sums now devoted to excessive interest payments were devoted rather to satisfactory maintenance. Sound, safeguarded credit will make that possible. Can we afford to postpone further taking the necessary steps to assure it?

EDITORIAL COMMENT

(Continued from Page 318)

tion of a community must involve analysis of the private debt as well as the debt of the various overlapping governmental units for which that community is responsible, nevertheless the Rightor tables are encouraging as indicative of the extent to which the cities as legal entities have tackled their financial problems in earnest during this period. That debt should be curtailed at a time when cities needed money desperately and when they could obtain it easily and at most favorable interest rates is certainly testimony on the side of sound and conservative management.

H.P.J.

The Decline, Fall and Resurrection of the Credit of the City of Detroit[1]

Despite a huge debt load, a long depression, and closed banks, all of which proved too great a strain on its financial stability, Detroit has pulled itself out of the mire of default to a place where its bonds are again in demand as investments

HENRY HART *Vice President, First of Michigan Corporation*

While attending the convention of the Investment Bankers Association last fall, I had the privilege of hearing an able address on the perplexities of handling a municipal bond portfolio for a large insurance company. The speaker, Mr. Mansfield, then of the Prudential Life Insurance Company, is an outstanding authority on the subject of municipal credit, and has had some $170,000,000 of municipal securities to look after for his company. He had plenty to tell a group of municipal bond men about the bonds they had sold, or had tried to sell, it. In a most entertaining style he paid his respects to several prominent cities relative to municipal credit and told how they had given him the jitters through the depression years.

As might be expected in such a discussion he did not omit reference to our own city of Detroit. He said something like this: "Think of Detroit in 1932. When I walked through its dimly lighted streets in that dismal year looking for a friend to find out when the sheriff was going to take charge, I thought of what was said about ancient Carthage—it must be destroyed. Now look at the damn place, redeeming its bonds, and acting as though it had always been a three per cent town—and winning a world series. It never could have won a world series in 1932. The General Motors Corporation and the Bondholders Protective Committee won those ball games."

That was the first time I ever heard a bondholders committee given credit for anything! And perhaps it is the first time you ever heard that the price of Detroit bonds had anything to do with the winning of the world series!

Before talking about what happened to Detroit's credit, I should like to turn back the pages of the city's history several years, and pay homage to the part that this intangible thing called "credit" played in its development and progress.

We started the present century as the thirteenth largest city with a population of 285,000, and when the last census was taken in 1930 we stood fourth, with a count of 1,568,000. And while we were increasing our population five and one-half times, we were also expanding our area nearly five-fold.

Picture the problem during this period of keeping up with the constant demand for increased water supply, fire protection, educational, recreational and sanitary facilities, and—with the advent of the automobile and traffic congestion—paved and wider streets. In addition, the city acquired its transportation system and assumed the responsibility of expanding it to keep pace with the growth in population and area.

---

[1] Address delivered before the Economic Club of Detroit, with some revisions.

The medium that made all of this possible was the city's credit. The pay-as-you-go system of providing for capital improvements out of current revenues would have been prohibitive under such conditions. If Detroit's credit had not been equal to that responsibility, and could not have furnished the capital for these necessities, probably the automobile industry would have gone elsewhere, and perhaps we should be resembling in size and importance the kind of town we once were in the horse-and-buggy days of the nineties.

But what was the price we were paying while we were graduating from the small to the great city class in such a short period. We increased our debt from the modest little figure of about $20,000,000 in 1915 to a sum in 1933 which resembled the national debt of the good old days, over $400,000,000. When our credit structure broke down in that year it was freely said that we were paying the penalty of the extravagant waste of politicians. That may be true. Our system of government makes waste inevitable. We had too much marble in our schoolhouses, too many pavements to serve only white stakes, and we started off too lavishly on our unemployment relief program. But by and large the expenditures were for necessities. The people themselves demanded the frills, voted the bonds, and raised no protests when the real estate interests demanded the improvements in their subdivisions.

But as to the part that credit played, it is remarkable how well it stood for so long the tremendous strain that was put upon it. Ordinarily if a city attempts to borrow money too often and in too large quantities, the investing public gets fed up on seeing its bonds always hanging over the market, and is wary about making additional purchases unless lured on by unusually attractive interest rates. For eight out of the eleven years between 1920 and 1931 Detroit's debt increased over $25,000,000 a year, and in three of these years the amounts totaled over $40,000,000, $50,000,000, and $60,000,000 respectively. That was certainly enough to plug all of the holes in the demand for Detroit bonds, as a bond man would express it.

BONDS WEAKEN

Beginning with 1930 the first real signs in the weakening of Detroit's credit position began to appear. Its bonds did not command the same relative improvement in price after the panic of late 1929 that other bonds did, and when the big toboggan slide in security prices started in the middle of 1931, Detroit was way ahead of the procession. By the summer of 1932, the line representing the quotations on the city's bonds had disappeared way below the chart, and did not reappear until about a year and a half ago.

It was a mad race during those early 30's to try to complete the financing of our tremendous public improvement program before the grand crash, and in the face of a rapidly declining credit position. The city hall ground out over $80,000,000 of new bonds in 1930 and 1931, and when the saturation point had about been reached in 1932, it persuaded the banks in Detroit, New York, and Chicago, together with our affluent senator, to purchase over $25,000,000 of notes to be paid out of the proceeds of bonds if and when sold. The city sinking fund also took $7,000,000 of the same kind of paper, and this was all in addition to the notes issued for welfare relief.

It was not the quantity of new bonds alone which started the more drastic decline in the price of the city's securities. The holders began to wonder, and rightly so, whether or not their confidence in the city's credit had been misplaced, when they saw the percentage of delinquent taxes jump from 10 per cent for the year ending June 30, 1930, to 17 per cent for 1931, 25 per cent for 1932, and finally reach the high point of 35 per cent for 1933. They also began to take note of the large deficits, which amounted to over $17,000,000 in 1931-32, and the precarious floating debt, which at one time exceeded $60,000,000. Along with this decreased revenue and increased deficit, the city was facing a large increase in the annual fixed charges, which included the interest on the floating debt and heavy maturities on short term bonds. In the year 1932-33 principal and interest were scheduled to absorb 44 per cent of the tax levy, if 100 per cent collected.

In defense of some of our leading citizens and officials, it is only right to point out that they were not insensible to what was taking place. They were not only worrying about it, but were acting. While we know from hindsight that they were too slow in becoming aroused, and that the corrective measures came too late, it is not difficult to point to many other lines of activity, where errors of a similar nature, if not to the same degree, were committed in those prosperous years.

The first prophet to point out whither the path was leading was Ralph Stone. He did this way back in 1929 in his famous speech before the real estate board under the caption, "If I were King." The city council, not being accustomed in those days to hearing criticisms on account of free spending, accepted his implied challenge and demanded some definite suggestions. He responded to the request, created a committee of representatives of the leading civic and business groups, and proceeded to draw up a program aimed at controlling and reducing expenditures. While a number of the suggestions of the Stone committee were adopted, there was a certain lack of political finesse in its approach, and the committee lost much of its usefulness. Mr. Stone had to stand the brunt of the abuse, but if we ever create a hall of fame for modern day martyrs in the cause of better government, I hope a niche will be reserved for him.

The next group that came into the picture to work with the officials in meeting the rapidly increasing problems were the holders of the notes, principally the New York and Detroit banks. The last thing the public officials wanted, even in those days, was to be told what to do by the bankers, but when circumstances became sufficiently desperate, they were willing to listen to those from whom they were asking favors.

A "NINE-POINT" PROGRAM

To the credit of both officialdom and its advisers, we should recall the constructive and drastic measures, principally embodied in the so-called "nine-point program," that were put in effect. But even the sharp reduction in operating expenses and the cost of welfare relief, and the floating of some $30,000,000 of short term bonds, did not meet the problems of mounting tax delinquency, heavy fixed charges, and unfinanced construction projects.

By 1932 some of our leading industrialists awoke to the fact that the city had been less fortified to combat the havocs of the depression than its leading industry. They knew that they could not go on without police and fire protection and the other essentials of an orderly and adequate government, and recognized that these were in jeopardy. Out of this realization was borne the Sloan committee, representing some of the best minds of the industrial, mercantile, and banking interests of the city. This group of high executives labored hours, day in and day out, in coöperation with officials and creditors. They loaned their own experts to help reorganize the welfare department and to study the modernizing of the antiquated systems in the treasurer's office.

While their main objective was never accomplished, I am sure the officials would agree that the city is benefitting in no small way today as a result of this study and coöperation.

It was my privilege to act in a sort of underling unofficial capacity with each of these groups which struggled with the problems of the city from 1929 down to the fatal February 13, 1933, and I cannot refrain from injecting one personal experience which occurred just as the curtain was about to drop on the last act of the tragedy of "The Decline and Fall of Detroit's Credit Structure."

THE FINAL BLOW

As a final desperate measure to save the city from certain default and to provide funds for the continuation of city operations on a greatly reduced scale, authority had been obtained from a special session of the legislature to issue $20,000,000 of tax anticipation bonds, maturing in five years. The bonds could be used in payment of taxes, and the Sloan committee had undertaken the responsibility of securing from leading taxpayers who were subject to a tax liability of $10,000,000 over the life of the bonds, an agreement to purchase $10,000,000 of the bonds, provided the New York banks would underwrite the other $10,000,000. Final arrangements were well on the way toward consummation by the second week of February 1933.

I was sent down to New York on Saturday, February 10, to iron out certain minor differences with the New York banks, and was to be joined by a committee of the industrialists on the following Tuesday. I spent all day Saturday with the bankers, and being entirely innocent of what was going on in Detroit over the week-end, spent most of Monday rewriting the contracts. On Tuesday morning I was all set to go, and while waiting for the delegation from Detroit, was enjoying my breakfast in Child's with the New York *Times* in front of me. The curtain went down on this aforementioned tragedy as I discovered the front-page headline, "All Michigan Banks Closed," and as I rushed out of the restaurant to find out who would cash my check on the First National Bank of Detroit, so I could buy a ticket home!

The Sloan committee never met again, and the stigma of default rested on Detroit's securities for the first time in over eighty-five years, when some interest came due two days later. For the next few weeks and months our citizens had problems and troubles of their own that overshadowed the matter of the city's credit. The city was left to shift for itself with payless paydays and scrip in lieu of cash. A few of the panicky or hard-pressed bondholders sold out at the prevailing market of between thirty and forty cents on the dollar.

But it was not for long. Like the commencement of the rebuilding of a great city while the ruins are still smouldering, master minds were soon at work on a comprehensive refunding plan affecting the entire debt structure. They produced a program designed not only to take the city out of default and to keep it out, but to give the overburdened taxpayers a drastic reduction in their tax bills, and an opportunity to get back on their feet.

To the Bankers Trust Company of New York and their Mr. B. F. Tompkins, who became chairman of the bondholders refunding committee, should be given a large share of the credit for the creation and successful consummation of this plan. No small amount of credit should also be given to our new mayor, Mr. Frank Couzens, who, though he had been in office only a few weeks, caught the vision of what this plan would mean to the city, and to the council which backed the mayor in his recommendation by appropriating a million dollars to see it through.

REFUNDING ACHIEVED

It was the largest refunding operation that has ever been tackled outside the field of national government securities. Over 40,000 certificates of deposit were issued to bondholders, scattered throughout this country and in other parts of the world. A large number were naturally unfamiliar with our local problems, many were unsympathetic, and some threatened suit. With all of these handicaps, the committee obtained a most magnificent response from the bondholders. Within the first year over 90 per cent of the amount of bonds had been deposited, and today less than 1 per cent have either not been located or have refused to come in. Many feel that Detroit does not realize how lucky it was to have its refunding plan out of the way before the automobile business began to hit its stride again, and that the bondholders would never believe today it needed the relief requested two years ago.

Let it always be remembered both by ourselves, for the benefit of our own self-respect, and by our creditors and prospective creditors in appraising Detroit's present and future credit, that we did not ask for the cancellation of one penny of interest or principal. This is what we did ask and what we accomplished:

1. The funding of the entire floating debt in the hands of the public, aggregating $33,000,000, into long term bonds.
2. The refunding of the entire $240,000,000 of tax-supported bonds, leaving no maturities due prior to June 30, 1943.
3. The refunding of the $7,500,000 water bonds maturing up to June 30, 1940.
4. The refunding of the $3,300,000 street railway bonds maturing up to June 30, 1935.
5. The funding of all interest due prior to July 1, 1933, on tax-supported and water bonds, totaling $6,500,000.
6. The funding of one-third of the interest on all tax-supported obligations accruing between July 1, 1933, and June 30 or August 1, 1935, amounting to nearly $8,000,000.

Those are the high points of the $300,000,000 refunding program, which constituted the cornerstone or very foundation of the rehabilitation of Detroit's credit. There are many other provisions and safeguards. Appropriations for sinking fund and principal retirement are provided, which on the tax-supported bonds starts at $250,000 this year and graduates by easy stages, as the interest requirements are reduced, up to a maximum of $19,500,000 in 1962-63. Over $220,000,000 of the new bonds are callable at par on any interest date, so the sinking fund for general bonds will be used to purchase, or call and immediately cancel bonds. Debt service appropriations must be correspondingly increased if appropriations for operations and maintenance exceed $40,000,000, which is designed to accelerate debt retirement as prosperity returns.

There are some who claim the refunding plan postpones the debt retirement too long, piles up a tremendous additional interest cost for the years ahead, and with the debt still outstanding, handicaps the city in financing future necessary improvements. They may be correct, but I prefer to believe that the leveling off of the maturities to the extent provided was necessary to restore the credit to a sound basis, and placed the annual debt service within the city's capacity to pay, based on its present resources and population; that the present set-up of many long maturity callable bonds should enable the city to combat future soft spots in industrial activity without jeopardizing its credit; that the major capital requirements for many years to come are provided for;

and that the taxpayers and officials of the future will be most reluctant to authorize new bond issues payable from taxes, except to the extent justified by future growth of the city and the retirement of the present debt.

With the major problem of debt successfully and constructively disposed of, let's look for a minute at the other problems which led to our downfall, and see how they have been handled.

INCREASED TAX COLLECTIONS

The high tax levy, which was $76,000,000 in 1931-32, and $72,000,000 in 1932-33, was reduced to $55,000,000 the next year, and has been lowered slightly each year since.

Tax collections, which reached the low point of 65 per cent for the year 1932-33, started the upward swing the following year with 69 per cent, last year 74 per cent, and this year they are coming in at a rate which should top 80 per cent by the end of the fiscal year. And what is even more encouraging, over 110,000 more tax receipts have been issued on current taxes this year than were issued two years ago.

The big back-log, or we might say back-breaker from the taxpayers' point of view, of delinquent taxes was intelligently handled through the seven-year plan, inducements for prompt payment and a liberal use of modern advertising methods. With the receivers for the large banks starting it off, collections of delinquent taxes for 1933-34 amounted to $16,000,000, for last year $15,000,000, and this year they are coming in at a higher rate than they were two years ago.

And lastly our budgets have been well conceived and executed. Instead of the once familiar deficits, the present administration gave us a surplus of $2,600,000 in 1933-34 and $3,500,000 in 1934-35, and this year they predict it will exceed $6,000,000. We should not become too excited about these surpluses. The 1933-34 year was started with a carry-over deficit of nearly $11,000,000 which has now been reduced to $6,000,000.

What has all this done to Detroit's credit, as measured by the price of its securities? From the low point of the 30's in the spring of 1933, it had climbed to the late 70's a year later, and at the present time the non-callable general tax 4½'s are quoted at a premium of over 110. On a yield basis or net return this last figure is equivalent to about 3.80 per cent. On April 29, 1936, the city sold $18,720,000 of refunding bonds to retire a like amount of higher coupon callable bonds on a basis of 3.77 per cent.

Have we resurrected our city's credit? The figures would seem to answer that question in the affirmative. But the job is not complete. Its bonds can still be purchased at over 1 per cent higher interest return than the bonds of most of the cities which were selling on the same basis as Detroit bonds ten years ago. Of course the black mark of default will be counted against us for many years, and we are one of the very few large cities in the country which have that stigma. Until the laws of many states, including our own, are changed, its bonds will no longer be eligible for investments for savings banks. Our per capita debt is greater than that of most of the large cities and our tax collections are not yet up to the average.

To support the claim made by many of us that our credit is entitled to a higher rating than it appears to be given today, it is contended that we are the only large city that has scientifically revamped its entire debt burden, which should render us reasonably immune from future difficulties, that we are one of the best governed of the large cities, that we have done more to put our current operations on a sound basis, and are backed by an industry that not only is leading the country out of the depression but has demonstrated that it has a permanent and front rank position among the great industries of the nation.

That may sound like a sales argument for Detroit bonds. Take it that way if you please, but what I wish I could get across is a sales argument for maintaining and improving the credit which we have seen resurrected. Here is one very tangible and selfish reason why we should want to see the credit on a high plane, in addition to the usual collateral advantages of such an accomplishment.

The refunding plan left the city with $180,000,000 of bonds, bearing interest at rates in excess of 4 per cent, and callable on any interest date. The state law permits the refunding of these bonds, provided interest cost can be reduced at least ½ of 1 per cent. The city has been taking advantage of this law during the last nine months and has sold over $35,000,000 of refunding bonds to retire a like amount of callable bonds of higher coupon rates. Disregarding the operation of the sinking fund, it is estimated that interest costs have been reduced over $25,000,000 through this program, on the basis that the called bonds had run to maturity. If this same program is continued and the credit of our general bonds graduated into the 3½ per cent and better class, it is readily conceivable that a reduction in interest charges of more than $1,000,000 a year could be brought about. Callable bonds, except where there has been a "shotgun" refunding, are not common among municipalities, and no other large city in the country has such an opportunity to reduce its interest load or incentive to maintain a high credit.

With the heritage of excess optimism, unbusinesslike methods, and grievous mistakes, the inevitable crash, followed by the laying of a sound, well conceived foundation, and three years of sane and conservative reconstruction, the officials and voters of today and tomorrow should know the path to follow in preserving that precious asset—the city's credit—and should understand that upon its preservation depends the future well being of Detroit.

The Bonded Debt of 283 Cities as at January 1, 1936

Substantial reduction in debt load made by majority of cities throughout the country during past year

C. E. RIGHTOR

Municipal Service Department
Dun & Bradstreet, Inc.

THE gross bonded debt of 283 cities of the United States and Canada having a population of over 30,000 was $8,823 million at the beginning of the present year. If this indebtedness be considered a malady, those responsible for its ultimate extinguishment may find solace in the fact that the financial health of the cities, in general, of both the countries, enjoyed some recuperation during the past year. For 254 comparable cities the gross debt was reduced $55 million, five out of every eight cities reflecting a downward trend.

The tabulation which follows is a summary report of the bonded debt of these 283 cities, 268 of which are in this country, and 15 in Canada, as at January 1, 1936. Forty-two cities within this population range in the United States and three in Canada failed to reply to the questionnaire.

The table presents the gross bonded debt, with a subdivision of this total into the three classes of general public improvement, public school, and public utility; the total amount of the sinking funds, with a percentage distribution by the three classes named; the net total bonded debt; the net total bonded debt to be retired from taxation (reported as "excluding self-supporting"), both total and per capita; and the total gross special assessment debt, and the amount of such debt that is a general obligation of the city.

The form of presentation is substantially the same as that of previous years, except that attempt was made to ascertain the general obligation special assessment debt, which is reported this year for the first time. The cities are listed in order of population according to the official 1930 census, no nationwide census since being available, and by the five census groups. The population figures for the Canadian cities are the latest available. This is the fourteenth annual tabulation of these data, with, of course, some variation in the cities reporting from year to year.

The primary object of the tabulation is to make available a current and complete, yet concise, statement of the total amount of bonds outstanding in the name of the city, and the net total and per capita amount of such bonds that must be retired through future tax levies upon the taxable property of each city. The table therefore affords a ready comparison of both total and per capita debt of cities, singly and by census groups.

The achievement of this objective through presentation of the data in a single line is easily possible for a large number of cities whose governmental structure permits the presentation of their debt data according to the outline, while for the others various adjustments of the data are required. The footnotes indicate some of the exceptions and the complexities that arise in tabulating—as examples, school debt in several states is in the name of a school district which may or may not be co-terminous with the reporting city, or in the name of the overlying county, although the property within the city is taxed to retire its portion of the bonds; there are found many types of special and overlying districts (water, sanitary, park, flood prevention, etc.) having authority to issue bonds, only a portion of which lie against the city; sinking funds frequently are consolidated; the proportion of total net debt that is self-supporting is not invariably definitely determined, and arbitrary computation must be made, etc. The Census Bureau's "Financial Statistics of Cities" includes with the debt of sixteen of the largest cities a percentage of the county debt, but this practice is not followed in this compilation, although in a few instances of city-county consolidation the city debt directly reflects the county debt burden. Further, temporary debt in the form of tax and revenue notes and the like is not included, even though the future may find this indebtedness funded. Because of these many variable factors that affect the figures it is essential that reference be made to the footnote for each city in order to obtain the proper basis for comparison.

The per capita debt is reported for only the net debt excluding self-supporting. To obtain this figure, the obligations of the utilities are ordinarily deducted, either in whole or in part. Most cities own their water system, and except as the utility debt is analyzed in a footnote, the utility figure reported is water bonds. A few cities do not deduct water or other bonds as self-supporting, on the ground that such bonds are general obligations for which the general fund meets the debt service, in turn being credited with the utility's revenues. Further, in some states statutory provisions variously define the deductions to be made to determine net debt; but these diversified and arbitrary local provisions are not observed here, only the city and school sinking funds and debt reported as self-supporting being deducted.

Attempt was made to report the special assessment bonds outstanding in the name of the city, whether these bonds are "special specials" or "general specials" (general obligations). The final two columns give the gross amount of such bonds, under the two headings, so far as reported. The total amount of this type of liability was $339,495,080, of which $118,414,000 was reported as a general obligation. Usually the amount of such debt is not included by a city in its statement of bonded debt, but is separately reported because presumably it is offset by assessments receivable, the city's obligation being only a contingent one. The amount of this type of debt, therefore, is separately reported and is not included in the preceding totals or net per capita figure. On the other hand, in some cases the city's general debt includes such bonds, particularly in the case of the Canadian cities. Deduction of the assessment debt, however, has not been made in these instances.

GROSS AND NET DEBT

For the 268 reporting cities of the United States, the total gross debt is $8,049,118,467, and for the 15 Canadian cities, $773,735,966. These cities represent a population of 43,616,674 for this country, and 1,894,376 for Canada. The weighted average per capita gross debt of the 268 local cities is $177.19, and for the 15 cities of Canada $275.22. These figures compare with $179.68 and $253.99, respectively, for the 260 United States cities, and 14 Canadian, reported last year. The per capita by census groups one through five is: $237.14, $159.99, $129.86, $113.11, and $92.61, respectively. The total debt is divided approximately 48 per cent for general public improvements, 20 per cent for schools, and 32 per cent for public utilities. For the cities of Canada, the utilities show a slightly higher percentage, with the other classes reduced accordingly.

The total net debt excluding self-supporting is $5,610,237,276 for the 268 cities of the United States, and $407,254,170 for the 15 cities of Canada. The weighted average per capita of the local cities is $123.50, and of the Canadian cities, $144.86. Comparison with last year's figures is not made because of incomplete data last year.

The data show a wide range in per capita tax-supported debt—a fact that in itself raises fundamental questions of the conditions under which borrowing is availed of by cities, but unanswered here. Exclusive of Washington, which has no bonded debt, the figures range from $14.55 for Rockford to $377.13 for Atlantic City. The per capita net debt for the reporting cities by the five census groups is: for Group I, $162.31, and $118.40, $92.32, $87.92, and $69.15, respectively. Within the groups the spread is from Milwaukee, with $55.45 to New York, $226.09, for Group I; for Group II, exclusive of Washington, from Seattle, $63.34, to Newark, $210.55; Group III, Peoria, with $19.73, to Miami, with $330.84; Group IV, Rockford to Atlantic City, with per capitas already stated; and for Group V, Moline is low, $15.08, and White Plains high, $351.32. The Canadian cities present a range from Winnipeg, having a per capita net debt of $39.14, to Edmonton, with $228.49. The weighted average of the 15 cities of Canada is $144.86.

OVERLAPPING DEBT

It is well, in considering the net debt here reported, to bear in mind that it does not invariably represent the entire bonded indebtedness lying against the property of the cities. In addition to the direct debt reported for the city, its property may be subject to the debt burden of overlapping units of government. The effect of such overlapping debt is emphasized in a distinctive report, "Municipal Debt Load in 1935",[1] made by Dr. F. L. Bird, in which he shows, for the 190 cities over 50,000 population, that the direct net debt of $61.20 for the median city mounts to $109.33, or nearly 80 per cent upward, when the overlapping debt for which the city is liable is added. The increase is reflected in all census groups—for the first, from $102.16 per capita direct debt for the median city to $144.16, when overlapping debt is included; and for the group of cities between 50,000 and 100,000 population, the direct debt of the median city, $46.77, is increased to $97.46 by addition of overlapping debt burden.

TREND OF DEBT

As a gauge of the trend of municipal indebtedness, comparison was made of the gross debt and the net debt excluding self-supporting for the 254 cities reporting in both 1935 and 1936. Of the total number of cities, 242 are in the United States and 12 in Canada. For the entire group, the analysis shows a reduction in gross debt from $8,465 million last year to $8,410 million at the beginning of 1936, a net shrinkage of $55 million, or a per capita decrease from $186.00 to the present $184.80. The local 242 cities, excluding Washington, reduced from $7,979 million to

---

[1] Municipal Service Department, Dun & Bradstreet, Inc., New York City.

$7,933 million, a net of $46 million, or a per capita reduction from $182.94 to $181.89. The 12 cities of Canada reduced from $486 million one year ago to $477, a net of $8,809,000, or a per capita drop of $4.65 to the present $251.85.

Extending the analysis to the net excluding self-supporting, comparison is made for the two groups of cities. For 241 cities of the United States—excluding New York because the 1935 figure was an estimate, and Washington—a reduction in total is found from $3,939 million to $3,937 million, or a net per capita reduction of five cents, to $107.33 for 1936. The 12 comparable Canadian cities show a reduction from $235 million to $223 million, or a per capita levelling of $6.48, to the present $117.84.

Numerically, the trend indicated by the debt figures is sustained. Of the 242 reporting cities of the United States, 156 reduced, 84 increased, and two (exclusive of Washington) reported no change in their gross debt. A majority of the cities in each of the census groups except the second reduced their gross figure. Of the 12 Canadian cities, six reduced and five increased their gross debt, while one reported no net change. Similar results obtain for net debt—locally, there are 154 reductions, 86 increases, and one city without change; for Canada, eight reductions and four increases.

Bond sales by states and municipalities during 1935, as reported in "Municipal Bond Sales for 1935,"[2] totaled $1,182 million, an increase of only $8 million over the preceding year. This total is exclusive of $759 million temporary loans made during the year. Of the total $342.5 million of new issues was made by cities and villages, and $50.6 million by school districts, the remainder being state, county and special district issues. Welfare and unemployment relief bond issues by cities amounted to $30 million, while states sold $81 million and counties $19 million of such bonds. Included in the grand total also are $403 million refunding bonds; of which $170 million was issued by cities and villages, $16 million by school districts, and the remaining $217 million by states, counties, and special districts.

The same authority reports that federal loans fell off from 1934, PWA loans being only $21 million and RFC loans only $58 million, during 1935. Many of the federal loans have been sold at public auction, at a profit to the government.

While sales of new issues approached $400 million during the year, it should be noted that the cities reporting in the accompanying tabulation more than offset this amount by either payment of maturing bonds or sinking fund reserves. This is not surprising when it is realized that tax levies on an assessed valuation of approximately $65 billion include mandatory provision for amortization of the principal of outstanding debt, sometimes as high as 25 per cent of the levy. The reduction in amount of new issues by cities and school districts, approximately $142 less than during 1934, however, is evidence of the fact that the margin for further borrowing is becoming exhausted. This is due to the reduction in assessed valuations during recent years, combined with popular opposition to a growing tax burden.

From the point of view of the cities, a highly favorable bond market has existed during the year. Municipals rank close to the federal government's securities as a safe basis for investment, having shown a substantial improvement in price continuously since early in 1934. This improvement is due to many factors, including the general economic recovery, which had a beneficial effect upon tax collections, federal assistance through several agencies, and statutory legislation designed to strengthen local finances, including state supervision, etc. The legislation included provision that municipalities might avail themselves of financial assistance from the federal government by direct contributions or loans, and also has provided extensively for the financing of self-liquidating municipal enterprises either through creation of a local "authority" or directly by pledge of net revenues of a public service enterprise.

---

[2] *The Bond Buyer,* New York City.

Other legislation of interest, particularly to defaulted communities, is the extension until 1940 of the federal municipal bankruptcy act by action of the congress. The default situation has cleared considerably but some municipalities whose finances are more involved will require judicious handling, possibly including proceedings under the federal act if it is finally ruled constitutional by the Supreme Court. An adverse decision would mean that municipalities must work out with their creditors a readjustment of the debt, with the assistance of the states under limited constitutional powers, or possibly court proceedings.[3]

The Securities and Exchange Commission has issued a report recently upon bondholders' committees, which is suggestive both to those cities in default and to the owners of the obligations.[4] It does not now appear probable that the SEC will assume the task of supervising all municipal bond sales. The duties of the commission may be extended ultimately, however, to include supervision of bondholders' protective committees.

This tabulation was made possible only through the voluntary coöperation of a large number of public officials in the cities represented, in both the United States and Canada, supplemented in some instances by research agencies. Their assistance is gratefully acknowledged, with the hope that the data are correctly presented.

---

[3] This act was declared unconstitutional by the Supreme Court on May 25.—EDITOR.

[4] Report on the Study and Investigation of the Work, Activities, Personnel, and Functions of Protective and Reorganization Committees; Part IV, Committees for Holders of Municipal and Quasi-Municipal Obligations.

BONDED DEBT OF 283 CITIES AS AT JANUARY 1, 1936
Compiled by the Detroit Bureau of Governmental Research, Inc.
From Data Furnished by Members of the Governmental Research Association and City Officials

	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	Total	
		General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Special Assessments	Special Assessments, General Obligation	
Group I															
Population 500,000 and over		$	$	$	$	$				$	$	$	$	$	
New York, N. Y.[1]	6,930,446	696,016,665	345,207,851	1,271,400,555	2,312,625,071	448,381,976	51	..	49	1,864,243,095	1,566,906,511	226.09	....	....	1
Chicago, Ill.[2]	3,376,438	335,712,393	41,935,500	5,110,000	382,757,893	9,654,831	99	1	0	373,103,062	373,103,062	110.50	21,406,681	N	2
Philadelphia, Pa.[3]	1,950,961	552,155,000	63,211,000	N	615,366,000	166,042,165	82	18	N	449,323,835	389,323,835	199.55	N	N	3
Detroit, Mich.[4]	1,568,662	279,144,601	....	105,380,845	385,525,446	12,554,835	1	..	99	372,970,611	278,982,848	177.85	1,000,000	1,000,000	4
Los Angeles, Cal.[5]	1,238,048	54,488,400	52,034,848	156,061,700	262,584,948	2,711,737	N	N	100	259,873,211	118,520,978	95.73	9,704,351	N	5
Cleveland, Ohio[6]	900,430	85,516,119	15,759,000	29,108,500	130,383,619	7,754,000	91	9	..	122,629,619	93,521,119	103.86	4,318,941	4,318,941	6
St. Louis, Mo.	821,960	74,419,000	3,997,000	7,770,000	86,186,000	2,154,546	30	60	10	84,031,454	76,471,320	93.04	N	N	7
Baltimore, Md.[7]	804,874	128,497,928	26,537,781	36,128,870	191,164,579	31,846,273	85	4	11	159,318,306	113,512,703	141.03	371,000	....	8
Boston, Mass.[8]	781,188	79,023,467	8,277,000	78,101,700	165,402,167	30,900,693	46	9	45	134,501,474	70,405,931	90.13	....	....	9
Pittsburgh, Pa.	669,817	53,780,300	22,431,450	6,866,700	83,078,450	2,780,744	51	47	2	80,297,706	73,487,403	109.71	N	N	10
San Francisco, Cal.[9]	634,394	41,659,900	13,850,000	113,195,000	168,704,900	N	..	..	..	168,704,900	95,822,600	151.05	956,000	....	11
Milwaukee, Wis.[10]	578,249	27,771,200	8,056,500	1,521,000	37,348,700	3,800,335	76	23	1	33,548,365	32,061,700	55.45	N	....	12
Buffalo, N. Y.	573,076	79,419,050	20,321,250	18,366,638	118,106,938	6,566,793	17	..	83	111,540,145	98,604,007	172.06	171,900	171,900	13
Group II															
Population 300,000 to 500,000															
Washington, D. C.	486,869	No bonded debt													14
Minneapolis, Minn.[11]	464,356	32,621,576	19,585,924	3,390,000	55,597,500	5,353,614	61	34	5	50,243,886	47,340,182	101.95	8,739,563	2,159,772	15
New Orleans, La.[12]	458,762	52,190,500	5,000,000	3,000,000	60,190,500	N	..	..	..	60,190,500	57,190,500	124.66	7,854,080	7,854,080	16
Cincinnati, Ohio[13]	451,160	45,576,718	14,711,500	40,878,400	101,166,618	34,970,992	47	8	45	66,195,626	37,137,067	82.31	4,296,687	4,296,687	17
Newark, N. J.	442,337	86,595,553	19,259,200	21,572,000	127,426,753	15,686,555	48	33	19	111,740,198	93,132,265	210.55	N	N	18
Kansas City, Mo.	399,746	26,835,000	20,528,000	13,446,000	60,809,000	5,121,325	8*	92	..	55,687,675	42,241,675	105.67	N	N	19
Seattle, Wash.[14]	365,583	14,450,000	10,321,000	50,974,000	75,745,000	1,614,334	28	72	N	74,130,666	23,156,666	63.34	20,180,593	N	20
Indianapolis, Ind.[15]	364,161	16,584,761	10,020,000	8,000,000	34,604,761	2,214,058	53	47	N	32,390,703	24,390,703	66.98	2,233,133	N	21
Rochester, N. Y.	328,132	42,967,000	15,929,500	6,805,000	65,701,500	5,471,857	61	18	21	60,229,643	54,598,715	166.39	8,634,500	8,634,500	22
Jersey City, N. J.	316,715	47,211,600	13,956,500	15,140,255	76,308,355	6,855,154	31	21	48	69,453,201	57,620,466	181.93	N	N	23
Louisville, Ky.	307,745	28,567,400*	10,966,400*	1,079,000	40,612,800	7,300,759	85	..	15	33,312,041	32,233,041	104.73	N	....	24
Portland, Ore.[16]	301,815	23,044,054	8,052,318	20,659,000	51,755,372	8,884,840	31	..	69	42,870,532	28,320,044	93.83	5,691,057	....	25
Group III															
Population 100,000 to 300,000															
Houston, Texas	292,352	27,803,500	10,594,000	2,085,000	40,482,500	4,133,703	60	30	10	36,348,797	34,681,445	118.63	N	N	26
Toledo, Ohio	290,718	26,850,995	13,712,000	762,000	41,324,995	1,841,492	48	42	10	39,483,503	38,908,248	133.84	25,945	25,945	27
Columbus, Ohio[17]	290,564	23,086,590	5,774,594	7,606,500	36,467,684	2,774,895	22	..	78	33,692,789	28,248,126	97.22	4,178,305	4,178,305	28
Denver, Colo.[18]	287,861	5,345,000	8,285,000	39,428,200	53,058,200	684,485	36	N	64	52,373,715	26,998,890	93.79	6,776,100	1,173,500	29
Oakland, Cal.[19]	284,063	9,709,708	11,445,080	37,793,957	58,948,745	N	..	..	..	58,948,745	21,154,788	74.47	N	N	30
St. Paul, Minn.	271,606	21,106,000	10,399,000	6,668,000	38,173,000	6,626,630	40	41	19	31,546,370	26,142,595	96.25	6,500,000	....	31
Atlanta, Ga.	270,366	5,425,000	5,320,500	2,561,000	13,306,500	1,562,152	50	18	32	11,744,348	9,677,885	35.80	202,400	202,400	32
Dallas, Tex.	260,475	20,606,500	7,013,000	12,067,000	39,686,500	2,519,614	45	14	41	37,166,886	26,140,693	100.36	N	N	33
Birmingham, Ala.	259,678	11,671,000	9,571,000	100,000	21,342,000	1,598,091	100	..	..	19,743,909	19,643,909	75.65	2,124,000	2,124,000	34

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Special Assessments	Special Assessments, General Obligation	
35	Akron, Ohio	255,040	23,624,723	8,181,608	10,500,452	42,306,784	3,976,191	60	..	40	38,330,593	29,672,720	116.35	4,187,185	4,187,185	35
36	Memphis, Tenn.	253,143	16,957,000	5,987,000	5,609,000	28,553,000	2,113,686	47	33	20	26,439,314	21,255,184	83.97	748,000	748,000	36
37	Providence, R. I.	252,981	26,765,500	15,027,000	18,087,000	59,879,500	16,746,453	47	16	37	43,133,047	31,319,667	123.80	....	....	37
38	San Antonio, Tex.	231,542	15,384,000	7,633,000	6,339,000	29,356,000	1,363,558	53	38	9	27,992,442	21,770,216	94.02	N	N	38
39	Omaha, Neb.[20]	214,006	12,712,225	8,627,000	7,529,000	28,868,225	5,879,350	17	18	65	22,988,875	19,264,953	90.02	3,466,250	3,466,250	39
40	Syracuse, N. Y.[21]	209,326	23,234,080	7,534,032	5,970,750	36,738,862	9,733	..	..	100	36,729,129	30,768,112	146.99	2,020,000	2,020,000	40
41	Dayton, Ohio[22]	200,982	9,396,245	7,528,622	4,679,000	21,603,867	2,024,422	54	..	46	19,579,445	15,843,398	78.83	756,283	....	41
42	Worcester, Mass.	195,311	8,731,000	456,000	3,078,200	12,265,200	457,941	95	..	5	11,807,259	8,749,731	44.80	N	N	42
43	Oklahoma City, Okla.	185,389	10,730,500	5,689,369	5,699,000	22,118,869	7,347,964	36	20	44	14,770,905	12,300,705	66.35	4,311,062	N	43
44	Richmond, Va.[23]	182,929	24,300,112	6,184,438	7,155,550	37,640,100	12,740,585	68	14	18	24,899,515	20,101,966	109.89	N	N	44
45	Youngstown, Ohio	170,002	4,874,952	2,452,000	1,052,000	8,378,952	188,709	15	34	51	8,190,243	7,138,243	41.99	542,000		45
46	Grand Rapids, Mich.	168,592	7,771,200	3,451,835	2,855,000	14,078,035	2,172,938	53	N	47	11,905,097	10,061,211	59.68	2,061,200	2,061,200	46
47	Hartford, Conn.	164,072	12,702,000	6,605,000	3,175,000	22,482,000	3,710,710	59	31	10	18,771,290	15,980,373	97.40	N	N	47
48	Fort Worth, Texas	163,447	14,602,300	5,710,000	5,393,200	25,705,500	1,654,540	33	65	2	24,050,960	18,680,595	114.29	N	N	48
49	New Haven, Conn.	162,655	14,795,000	345,000	N	15,140,000	1,020,187	100	..	..	14,119,813	14,119,813	86.81	N	N	49
50	Flint, Mich.	156,492	8,063,526	7,459,000	2,171,500	17,694,026	2,543,483	29	39	32	15,150,543	13,789,233	88.11	2,113,000	2,113,000	50
51	Nashville, Tenn.[24]	153,866	12,222,000	1,933,000	3,634,000	17,789,000	864,555	100	..	..	16,924,445	13,290,445	86,38	371,000	371,000	51
52	Springfield, Mass.	149,900	9,150,750	1,795,750	6,959,000	17,905,500	N	..	..	..	17,905,500	10,946,500	73.03	....	....	52
53	San Diego, Cal.	147,995	3,489,531	4,557,750	12,243,759	20,291,040	N	..	..	..	20,291,040	20,291,040	137.11	6,018,154	....	53
54	Bridgeport, Conn.	146,716	11,431,550	3,825,450	N	15,257,000	N				15,257,000	15,257,000	103.99	......	....	54
55	Scranton, Pa.	143,433	2,394,000	5,950,000	N	8,344,000	388,716	17	83	N	7,955,284	7,955,284	55.46	794,119	....	55
56	Des Moines, Ia.	142,559	5,085,406	7,437,500	5,053,000	17,575,906	776,090	N	N	100	16,799,816	12,522,906	87.84	.	....	56
57	Long Beach, Cal.[25]	142.032	10,080,265	7,992,443	6,065,000	24,137,708	N		..	..	24,137,708	18,072,708	127.24	1,485.291	N	57
58	Tulsa, Oklahoma	141,258	9,881,785	3,891,986	5,394,000	19,167,771	2,138,806	100	..	..	17,028,965	14,164,965	100.28	N	....	58
59	Salt Lake City, Utah	140,267	3,650.500	4,043,000*	4,631,500	12,325,000			..	.	12,325,000	7,693,500	54.85	....	....	59
60	Paterson, N. J.	138,513	14,029,364	6,471,000	14,592,000	35,092,364	3,387,222	80	20	N	31,705,142	17,113.142	123.55	....	....	60
61	Yonkers, N. Y.	134,646	18,960,200	9,102,150	4,910,500	32,972,850	N	..	..	..	32,972,850	28,062,350	208.42	2,483,600	2,483.600	61
62	Norfolk, Va.[26]	129,710	19.966,152	6,034,076	14,504,772	40,505,000	11,113,769	60	.	40	29,391,231	19,303,308	148.82	N	N	62
63	Jacksonville, Fla.[27]	129,549	5.492,500	4,205.000	4,672,500	14,370,000	1,701,174	58	33	9	12,668,826	8,151.326	62.92	854,000	854,000	63
64	Albany, N. Y.	127,412	13,138.280	5,215,850	12,780.000	31,134,130	1,843,438	86	N	14	29,290,692	16,769,025	131.61	1,400.500	1,400.500	64
65	Trenton, N. J.	123,356	12,369,060	7,117,950	1,338,000	20,825.010	2,326,417	43	32	25	18,498,593	17,732,532	143.75	146,000	146,000	65
66	Kansas City, Kansas[28]	121.857	4,001.052	1,463.000	5,859.000	11,323,052	3,572.634	10	16	74	7,750.418	4.541,971	37.27	341,516	.	66
67	Chattanooga, Tenn.	119.798	11,476,637	2,182.500	N	13,659,137	474,033	..		..	13,185,104	13,185,104	110.06	1,352,099	1,352,099	67
68	Camden, N. J.	118,700	18,034,265	3,930,000	1,576,450	23,540,715	2,311,425	69	24	7	21,229,290	19,822,518	167.00	690,000	690,000	68
69	Erie, Pa.	115.967	5.926,000	5,620.088	1,380.000	12,926,088	292,566	79	..	21	12,633,522	11,313,522	97.56	856,468	111.000	69
70	Spokane, Wash.[29]	115.514	2.657.000	945,000	846.000	4,448.000	199.813	34	31	35	4,248,187	3.472.084	30.06	1,379,778	N	70
71	Fall River, Mass.	115.274	5.436.500	1,784.000	188,000	7,408.500	671.000	100	..	..	6,737,500	6,549,500	56.82	....	....	71
72	Fort Wayne. Ind.	114.946	759.900	2.534.000	2.093,000	5,386.900	N	..	..	..	5,386,900	3.293,900	28.66	....	......	72
73	Elizabeth, N. J.	114.589	7.353.400	5,860.000	4.749.000	17,962.400	678.237	..	..		17,284,163	12,535,163	109.39	421.400	421.400	73
74	Cambridge, Mass.	113,643	8.732.300	1,469.500	1,281.000	11.482.800	3,029,988	83	..	17	8,452,812	7.673,719	67.52	N	N	74
75	New Bedford, Mass.	112.597	5.257,000	2,080.000	1.344.000	8,681,000	777,463	100	..	..	7,903,537	7,903,537	70.19	N	N	75
76	Reading, Pa.	111.171	3.819.000	7.423.500	2,556.000	13.798.500	490.652	47	45	8	13,307.848	10.793.595	97.09	443,200	N	76
77	Wichita, Kansas	111.110	4.320.586	3.177.492	N	7.498.078	102,990	N	N	100	7,395,088	7.395.088	66.56	2.084.956	2.084.956	77
78	Miami, Fla.	110.637	30.264.175	6.339.000	457.000	37.060.175	.. .	.	.	.	37,060,175	36.603,175	330.84	512.000	512,000	78
79	Tacoma. Wash.[30]	106.817	2.448.500	1.590.000	10.440.495	14.478.995	515.042	91	N	9	13.963.953	3.569.969	33.42	1,578.519	.. ..	79
80	Wilmington. Del.[31]	106.597	5.652.500	1.006.000	7.073.700	13.732.200	1.312,016	100	..		12.420,184	7,976.484	74.83	N	N	80
81	Knoxville. Tenn.[32]	105.802	18.622.092	2.055.000	4.802.449	25.479.541	2,013,821	87		13	23,465,720	18,926.657	178.88		. ..	81

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Special Assessments	Special Assessments, General Obligation	
82	Peoria, Ill.	104,967	1,092,000	979,000	N	2,071,000	N	.	..	..	2,071,000	2,071,000	19.73	1,718,894	....	82
83	Canton, Ohio	104,906	4,263,770	5,225,000	943,000	10,431,770	1,872,280	65	35	..	8,559,490	7,616,490	72.60	1,213,454	1,213,454	83
84	South Bend, Indiana	104,193	1,680,000	2,884,000	675,000	5,239,000	158,902	49	N	51	5,080,098	4,485,577	43.05	3,097,631	N	84
85	Somerville, Mass.	103,908	1,195,000	2,280,000*	32,000	3,507,000	N	..	..	.	3,507,000	3,475,000	33.44	....	....	85
86	El Paso, Texas[33]	102,421	3,998,000	2,278,000	2,070,000	8,346,000	598,514	64	20	16	7,747,426	5,775,110	56.39	497,500	N	86
87	Lynn, Mass.	102,320	3,513,200	2,346,500	487,000	6,346,700	97,060	100	..	..	6,249,640	5,762,640	56.32	....	....	87
88	Evansville, Ind.[34]	102,249	1,116,200	2,189,000	1,510,000	4,815,200	153,603	83	N	17	4,661,597	3,636,597	35.57	229,163	.. ....	88
89	Utica, N. Y.	101,740	10,967,727	1,320,042*	N	12,287,769	368,441	100	..	..	11,919,328	11,919,328	117.14	209,382	209,382	89
90	Duluth, Minn.[35]	101,463	5,174,333	3,742,000	2,281,000	11,197,333	N	..	..	..	11,197,333	8,916,333	87.88	11,000	11,000	90
91	Tampa, Fla.	101,161	Not reported													91
92	Gary, Ind.	100,426	2,353,297	3,430,000	N	5,783,297	57,945	100	N	N	5,726,352	5,726,352	57.02	....	....	92
93	Lowell, Mass.	100,234	3,271,500	648,570	355,500	4,275,570	N	..	..	..	4,275,570	3,920,070	39.11	N	N	93
	Group IV															
	Population 50,000 to 100,000															
94	Waterbury, Conn.	99,902	7,901,500	1,609,000	6,824,000	16,334,500	150,000	100	N	N	16,184,500	9,360,500	93.70	N	N	94
95	Schenectady, N. Y.	95,692	9,779,290	2,052,000	489,000	12,320,290	138,621	97	..	3	12,181,669	11,696,152	122.23	1,452,990	1,452,990	95
96	Sacramento, Cal.[36]	93,750	3,409,020	5,979,000	3,607,000	12,995,020	N	..	..	..	12,995,020	9,388,020	100.14	1.390,246	....	96
97	Allentown, Pa.	92,563	5,141,400	4,678,500	N	9,819,900	818,766	32	68	N	9,001,134	9,001,134	97.24	305,000	N	97
98	Bayonne, N. J.	88,979	5,258,968	3,993,000	3,549,000	12,800,968	25,000	N	100	N	12,775,968	9,226,968	103.70	....	....	98
99	Wilkes-Barre, Pa.	86,626	2,720,100	571,171	N	3,291,271	63,313	100	N	N	3,227,958	3,227,958	37.26	8,100	8,100	99
100	Rockford, Ill.	85,864	219,500	1,030,000	125,000	1,374,500	N	N	N	N	1,374,500	1,249,500	14.55	1,232,140	N	100
101	Lawrence, Mass.	85,068	2,293,325	913,000	172,000	3,378,325	60,080	N	N	100	3,318,245	3,318,245	39.01	N	N	101
102	Savannah, Ga.	85,024	3,358,000	738,000	160,000	4,256,000	49,250	100	N	N	4,206,750	4,046,750	47.60	105,122	N	102
103	Charlotte, N. C.	82,675	6,485,486	1,568,000	1,806,014	9,859,500	738,871	63	8	29	9,120,629	7,527,887	91.05	1,785,281	1,785,281	103
104	Berkeley, Calif.	82,109	717,430	1,775,250	8,003,125	10,495,805	301,575	15	..	85	10,194,230	2,448,875	29.82	150,806	150,806	104
105	Altoona, Pa.	82,054	Not reported													105
106	Little Rock, Ark.	81,679	Not reported													106
107	St. Joseph, Mo.	80,935	3,911,000	2,307,000	N	6,218,000	29,815	96	4	N	6,188,185	6,188,185	76.46	169,275	......	107
108	Saginaw, Mich.	80,715	627,000	1,002,000	2,710,000	4,339,000	362,638	51	37	12	3,976,362	3,087,384	38.25	759,000	759,000	108
109	Harrisburg, Pa.	80,339	2,901,680	2,566,500	1,040,920	6,509,100	148,860	1	99	..	6,360,240	5,319,320	66.21	279,500	.... ..	109
110	Sioux City, Ia.	79,183	2,311,500	1,864,000	25,000	4,200,500	612,009	80	20	N	3,588,491	3,563,491	45.00	N	N	110
111	Lansing, Mich.[37]	78,397	1,923,000	N	1,513,000	3,436,000	1,041,213	5	N	95	2,394,787	1,867,051	23.82	245,000	245,000	111
112	Pawtucket, R. I.	77,149	9,900,000	3,759,000	2,712,000	16,371,000	3,043,203	54	27	19	13,327,797	11,190,434	145.05	N	N	112
113	Manchester, N. H.	76,834	2,670,770	902,230	120,000	3,693,000	N	.		.	3,693,000	3,573,000	46.50	N	N	113
114	Binghamton, N. Y.	76,662	3,324,213	3,155,200	50,000	6,529,413	99,446	100	N	N	6,429,967	6,379,967	83.22	N	N	114
115	Shreveport, La.	76,655	5,996,250	1,156,000	2,917,500	10,069,750	260,870	75	3	22	9,808,880	9,063,414	118.24	. . .	... ..	115
116	Pasadena, Calif.[37]	76,086	3,785,291	3,746,970	6,402,759	13,935,020	47,917	N	N	100	13,887,103	7,532,261	99.00	3,111,044	N	116
117	Lincoln, Neb.	75,933	1,014,685	3,735,000	1,815,000	6,564,685	393,381	32	6	62	6,171,304	4,600,894	60.59	776,383	776,383	117
118	Huntington, W. Va.	75,572	1,740,000	880,500	N	2,620,500	404,358	100	N	N	2,216,142	2,216,142	29.32	N	N	118
119	Niagara Falls, N. Y.	75,460	7,023,900	5,621,210	1,937,330	14,582,440	419,441	N	N	100	14,162,999	12,645,110	167.57	829,084	N	119
120	Winston-Salem, N. C.	75,274	10,540,067	3,236,000	2,689,333	16,465,400	413,844	82	..	18	16,051,556	13,435,535	178.49	861,000	861,000	120
121	East St. Louis, Ill.	74,347	Not reported													121
122	Troy, N. Y.	72,763	5,841,465	1,224,375	793,100	7,858,940	N	..	..	..	7,858,940	7,065,840	97.11	N	N	122
123	Quincy, Mass.	71,983	3,320,500	1,569,000	406,000	5,295,500	N	..	..	..	5,295,500	4,889,500	67.93	N	N	123

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Special Assessments	Special Assessments, General Obligation	
124	Springfield, Ill.[37]	71,864	138,000	567,000	3,848,000	4,553,000	144,927	37	N	63	4,408,073	650,766	90.56	442,856	N	124
125	Portland, Me.	70,810	3,439,620	1,627,000	....	5,066,620	60,388	100	..	..	5,006,232	5,006,232	70.70	N	....	125
126	Lakewood, Ohio	70,509	2,129,080	3,049,500	151,000	5,329,580	433,946	100	N	..	4,895,634	4,744,634	67.29	81,191	81,191	126
127	Roanoke, Va.	69,206	5,077,000	2,650,000	N	7,727,000	1,151,000	..	..	..	6,576,000	6,576,000	95.02	N	N	127
128	Springfield, Ohio	68,743	4,129,823	1,556,000	330,000	6,015,823	37,992	..	..	..	5,997,831	5,647,831	82.16	308,500	....	128
129	Mobile, Ala.	68,202	2,665,000	990,000	1,814,000	5,469,000	1,286,744	97	3	..	4,182,256	2,368,256	34.72	4,200,500	....	129
130	New Britain, Conn.[38]	68,128	1,579,000	2,915,000	1,660,000	6,154,000	614,096	16	19	65	5,539,904	4,278,546	62.80	N	N	130
131	East Orange, N. J.	68,020	8,830,500	3,019,445	720,000	12,569,945	827,209	16	54	30	11,742,736	11,269,586	165.68	547,412	547,412	131
132	Racine, Wis.	67,542	2,493,000	1,528,000	940,000	4,961,000	196,000	100	..	..	4,765,000	3,825,000	56.63	284,858	N	132
133	Johnstown, Pa.	66,993	4,338,000	4,137,277	N	8,475,277	771,822	100	..	..	7,703,455	7,703,455	114.99	N	N	133
134	Cicero, Ill.	66,602	Not reported													134
135	Atlantic City, N. J.	66,198	23,185,531	3,807,000	2,500,000	29,492,531	2,618,693	58	20	22	26,873,838	24,965,514	377.13	N	N	135
136	Montgomery, Ala.	66,079	5,286,000	2,333,000	1,770,000	9,389,000	192,905	100	..	..	9,196,095	7,426,095	112.38	1,198,000	1,198,000	136
137	Newton, Mass.	65,276	4,624,877	1,976,000	505,000	7,105,877	671,156	100	..	..	6,434,721	5,929,721	90.84	N	N	137
138	Covington, Ky.	65,252	1,019,700	1,070,000	2,401,000	4,490,700	N	..	..	..	4,490,700	2,089,700	32.03	N	N	138
139	Pontiac, Mich.	64,928	3,733,250	3,446,585	1,487,000	8,666,835	556,347	N	93	7	8,110,488	6,664,488	102.64	1,684,000	1,684,000	139
140	Hammond, Ind.	64,560	975,870	1,600,000	1,303,000	3,878,870	187,061	04	68	28	3,691,809	2,388,809	37.00	5,613,518	N	140
141	Topeka, Kansas	64,120	1,088,270	2,221,000	612,600	3,921,870	363,284	N	11	89	3,558,586	3,270,745	51.01	602,300	602,300	141
142	Oak Park, Ill.	63,982	Not reported													142
143	Brockton, Mass.	63,797	1,209,900	160,000	894,900	2,264,800	107,970	..	..	100	2,156,830	1,369,900	21.47	N	....	143
144	Evanston, Ill.	63,338	975,000	3,778,000	77,000	4,830,000	19,500	N	N	100	4,810,500	4,753,000	75.04	223,487	N	144
145	Passaic, N. J.	62,959	9,468,500	2,137,750	7,662,000	19,268,250	1,147,931	..	..	.	18,120,319	10,458,319	166.11	....	....	145
146	Terre Haute, Ind.	62,810	1,152,000	1,030,000	N	2,182,000	145,939	63	37	N	2,036,061	2,036,061	32.42	183,400	....	146
147	Glendale, Calif.[37]	62,736	1,399,750	4,145,500	436,300	5,981,550	50,403	N	N	100	5,931,147	5,545,250	88.39	946,892	N	147
148	Charleston, S. C.	62,265	Not reported													148
149	Wheeling, W. Va.	61,659	992,100	373,500	1,488,000	2,853,600	46,551	25	75	..	2,807,049	2,807,049	45.53	....	....	149
150	Mount Vernon, N. Y.	61,499	11,661,250	4,976,050	2,633,000	19,270,300	1,656,141	30	N	70	17,614,159	16,134,690	262.36	109,000	109,000	150
151	Davenport, Ia.	60,751	Not reported													151
152	Charleston, W. Va.	60,408	Not reported													152
153	Augusta, Ga.	60,342	Not reported													153
154	Lancaster, Pa.	59,949	4,653,000	3,795,000	N	8,448,000	813,031	12	88	N	7,634,969	7,634,969	127.35	....	....	154
155	Medford, Mass.	59,714	Not reported													155
156	Hoboken, N. J.	59,261	8,846,048	3,053,635	232,000	12,131,683	1,765,087	48	46	06	10,366,596	10,232,731	172.67	N	N	156
157	Chester, Pa.	59,164	3,413,000	2,135,000	N	5,548,000	1,392,979	38	62	N	4,155,021	4,155,021	70.23	413,600	N	157
158	Union City, N. J.	58,659	6,416,727	2,010,500	N	8,427,227	621,369	91	09	N	7,805,859	7,805,859	133.07	....	....	158
159	Malden, Mass.	58,036	2,051,972	677,000	63,000	2,791,972	249,830	100	..	..	2,542,142	2,479,142	42.72	N	N	159
160	Madison, Wis.	57,899	2,420,900	2,438,500	150,000	5,009,400	100,039	71	29	N	4,909,361	4,759,361	82.20	664,960	....	160
161	Bethlehem, Pa.	57,892	2,195,900	3,207,000	1,094,500	6,497,400	1,241,830	46	44	10	5,255,570	4,290,903	74.12	....	....	161
162	Beaumont, Texas[39]	57,732	4,586,500	2,151,638	2,304,250	9,042,388	448,763	33	21	46	8,593,625	7,993,250	138.45	N	N	162
163	San Jose, Calif.	57,651	1,135,525	1,618,000	N	2,753,525	N	..	..	..	2,753,525	2,753,525	47.76	36,000	....	163
164	Springfield, Mo.	57,527	1,483,000	1,651,500	N	3,134,500	189,645	68	32	N	2,944,855	2,944,855	51.19	N	N	164
165	Decatur, Ill.	57,510	946,000	821,620	268,000	2,035,620	438,166	03	97	..	1,597,454	1,329,454	23.12	1,506,899	....	165
166	Irvington, N. J.	56,733	Not reported													166
167	Holyoke, Mass.[40]	56,537	987,000	547,000	1,256,000	2,790,000	N	N	N	N	2,790,000	1,534,000	27.13	N	N	167
168	Hamtramck, Mich.	56,268	3,306,533	3,333,000	491,000	7,130,533	1,143,143	53	47	..	5,987,390	5,987,390	106.41	17,419	N	168
169	Cedar Rapids, Ia.[41]	56,097	1,186,800	1,865,500	1,701,000	4,753,300	258,024	..	100	..	4,495,276	3,231,276	57.60	....	....	169
170	York, Pa.	55,254	1,058,500	1,820,000	N	2,878,500	300,129	65	35	N	2,578,371	2,578,371	46.66	33,500	....	170

		Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	Total	
	Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Special Assessments	Special Assessments, General Obligation	
Jackson, Mich.[42]	55,187	1,663,729	1,872,558	1,468,375	5,004,662	35,667	N	100	N	4,968,995	3,500,620	63.43	328,000	328,000	171
Kalamazoo, Mich.	54,786	118,000	1,872,000	N	1,990,000	N	N	N	N	1,990,000	1,990,000	36.32	179,000	179,000	172
E. Chicago, Ind.	54,784	Not reported													173
McKeesport, Pa.	54,632	1,398,000	1,487,000	192,000	3,077,000	219,241	50	50	..	2,857,759	2,665,759	48.79	495,051	N	174
New Rochelle, N. Y.	54,000	8,588,700	6,002,176	N	14,590,876	240,669	..	..	..	14,350,207	14,350,207	265.74	20,000	....	175
Macon, Ga.	53,829	870,000	1,080,000	190,000	2,140,000	N	..	..	..	2,140,000	1,950,000	36.23	N	N	176
Greensboro, N. C.	53,569	6,483,472	862,694	2,726,783	10,072,949	318,710	100	..	..	9,754,239	7,027,456	131.19	4,865,052	4,865,052	177
Austin, Texas[43]	53,120	3,258,000	1,051,000	1,693,500	6,002,500	89,276	53	..	47	5,913,224	4,262,306	80.24	N	N	178
Highland Park, Mich.	52,959	2,594,000	3,190,000	1,000,876	6,784,876	3,430,818	62	17	21	3,354,058	3,080,159	58.16	40,700	40,700	179
Galveston, Texas	52,938	5,911,000	1,680,000	607,500	8,198,500	589,647	78	15	7	7,608,853	6,029,503	113.90	N	N	180
Waco, Texas	52,848	2,832,000	1,492,300	2,114,000	6,438,300	1,231,439	59	25	16	5,206,861	3,284,826	62.16	N	N	181
Fresno, Cal.	52,513	789,000	3,390,000	2,520,000	6,699,000	N	N	N	N	6,699,000	4,179,000	79.58	....	....	182
Hamilton, Ohio[44]	52,176	1,230,445	1,410,000	1,316,730	3,957,175	72,541	59	41	..	3,884,634	2,567,904	49.22	311,845	....	183
Durham, N. C.	52,037	4,291,174	1,624,130	3,776,000	9,691,304	131,448	100	..	..	9,559,856	5,783,856	111.15	2,790,565	1,598,870	184
Columbia, S. C.	51,581	2,644,000	1,364,800	742,000	4,750,800	141,131	..	..	..	4,609,669	3,973,800	77.04	87,000	87,000	185
Cleveland Heights, Ohio	50,945	1,166,770	5,667,885	N	6,834,655	688,339	45	55	N	6,146,316	6,146,316	120.64	971,061	227,804	186
Port Arthur, Texas	50,902	4,267,300	2,198,000	813,500	7,278,800	473,563	45	51	4	6,805,237	4,392,665	86.30	14,000	....	187
Dearborn, Mich.	50,358	10,466,000	6,163,000	2,312,000	18,941,000	4,254,470	77	8	15	14,686,530	13,001,620	258.18	822,600	822,600	188
Kenosha, Wis.	50,262	448,000	2,544,000	87,000	3,079,000	N	..	..	..	3,079,000	2,992,000	59.53	657,483	N	189
Asheville, N. C.	50,193	15,089,081	2,908,000	N	17,997,081	N	..	..	..	17,997,081	17,997,081	358.56	....	....	190
Pueblo, Colo.	50,096	591,000	1,415,000	1,175,000	3,181,000	58,298	100	..	..	3,122,702	1,947,702	38.88	1,026,300	....	191
Group V															
Population 30,000 to 50,000															
Pittsfield, Mass.	49,677	724,000	896,000	340,000	1,960,000	N	..	..	..	1,960,000	1,620,000	32.61	....	....	192
Woonsocket, R. I.	49,376	5,613,000	1,089,000	850,000	7,552,000	1,203,897	91	09	..	6,348,103	5,498,103	111.35	N	N	193
Haverhill, Mass.	48,710	1,171,555	129,000	152,000	1,452,555	22,000	100	..	..	1,430,555	1,278,555	26.25	....	....	194
New Castle, Pa.	48,674	854,000	2,165,000	N	3,019,000	172,034	100	N	N	2,846,966	2,846,966	58.49	217,281	217,281	195
Everett, Mass.	48,424	839,175	998,000	101,000	1,938,175	76,864	100	..	..	1,861,311	1,760,311	36.35	....	....	196
Jackson, Miss.	48,282	4,439,980	....	785,800	5,225,780	30,000	100	..	..	5,195,780	4,409,980	91.34	521,000	....	197
Phoenix, Ariz.[45]	48,118	3,713,500	5,756,475	5,437,000	14,906,975	956,900	04	87	09	13,950,075	8,600,280	178.73	1,229,185	....	198
Stockton, Cal.	47,963	5,614,600	700,000	N	6,314,600	N	..	..	..	6,314,000	6,314,000	131.64	129,481	....	199
Brookline, Mass.	47,490	639,000	809,500	308,000	1,756,500	N	..	..	..	1,756,500	1,448,500	30.50	....	....	200
Elmira, N. Y.	47,397	1,809,000	675,000	600,000	3,084,000	N	N	N	N	3,084,000	2,484,000	52.41	N	N	201
Bay City, Mich.	47,355	369,000	900,000	1,551,000	2,820,000	530,836	37	50	13	2,289,164	804,776	16.99	74,500	74,500	202
Berwin, Ill.	47,027	Not reported													203
Clifton, N. J.	46,875	5,941,468	2,428,400	4,246,000	12,615,868	143,844	65	35	N	12,472,024	8,226,024	175.49	N	N	204
Aurora, Ill.	46,589	Not reported													205
Muncie, Ind.	46,548	Not reported													206
Stamford, Conn.	46,346	5,031,000	2,618,000	N	7,649,000	770,459	68	32	N	6,878,541	6,878,541	148.42	N	N	207
Waterloo, Ia.	46,191	560,000	1,242,000	205,000	2,007,000	154,025	80	..	20	1,852,975	1,678,674	36.34	N	N	208
Chelsea, Mass.	45,816	1,625,200	498,500	40,000	2,163,700	441,145	100	N	N	1,722,555	1,682,555	36.72	N	N	209
Lexington, Ky.	45,736	2,170,500	933,000	N	3,103,500	361,726	100	..	..	2,741,774	2,741,774	59.95	84,866	....	210
Williamsport, Pa.	45,729	920,700	1,243,900	N	2,164,600	341,682	50	50	N	1,822,918	1,822,918	39.86	1,963,152	N	211
Portsmouth, Va.	45,704	5,375,000	728,000	2,975,000	9,078,000	2,152,784	34	..	66	6,925,216	5,378,113	117.67	N	N	212

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt					
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Total Gross Special Assessments	Total Special Assessments, General Obligation	
213	Jamestown, N. Y.[37]	45,155	899,435	2,216,500	549,000	3,664,935	86,490	..	..	100	3,578,445	3,115,935	69.01	414,000	....	213
214	Lorain, Ohio	44,512	1,016,507	880,500	238,000	2,135,007	20,634	53	..	47	2,114,373	1,886,007	42.37	603,694	N	214
215	Chicopee, Mass.[37]	43,930	1,114,094	147,900	382,250	1,644,244	N	..	..	..	1,644,244	935,400	21.29	N	N	215
216	Wichita Falls, Texas	43,690	Not reported													216
217	Battle Creek, Mich.[46]	43,575	1,207,000	1,038,500	400,000	2,645,500	N	..	..	..	2,645,500	2,245,500	51.53	....	....	217
218	Perth Amboy, N. J.	43,516	Not reported													218
219	Salem, Mass.	43,353	926,000	326,500	380,000	1,632,500	N	..	..	..	1,632,500	1,252,500	28.89	....	....	219
220	Amarillo, Texas	43,132	3,402,526	1,933,000	2,045,500	7,381,026	571,505	51	35	14	6,809,521	4,844,250	112.31	N	N	220
221	Columbus, Ga.	43,131	1,818,900	559,600	135,000	2,513,500	74,133	100	..	..	2,439,367	2,304,367	53.43	42,800	42,800	221
222	Joliet, Ill.	42,993	571,000	2,136,000	135,000	2,842,000	N		..	.	2,842,000	2,707,000	62.96	948,791	....	222
223	Cranston, R. I.	42,911	1,330,500	2,609,000	N	3,939,500	336,452	100	..	N	3,603,048	3,603,048	83.97	....	....	223
224	Portsmouth, Ohio	42,560	2,980,000	1,929,369*	857,000	5,767,069	6,084	.			5,760,985	4,803,985	112.88	1,534,806	883,848	224
225	Lima, Ohio	42,287	3,568,600	623,000	600,500	4,792,100	9,500	26	N	74	4,782,600	4,189,100	99.06	129,865	....	225
226	Council Bluffs, Ia.	42,048	Not reported													226
227	Montclair, N. J.	42,017	Not reported													227
228	Dubuque, Ia.	41,679	Not reported													228
229	Muskegon, Mich.	41,390	2,187,000	2,543,584	234,000	4,964,584	206,104	60	N	40	4,758,480	4,606,768	111.30	473,170	255,000	229
230	Warren, Ohio	41,062	1,463,000	1,578,300	493,400	3,534,700	289,381	6	30	64	3,245,319	2,935,919	71.50	337,800	....	230
231	Kearny, N. J.	40,716	Not reported													231
232	Fitchburg, Mass.	40,692	1,240,200	218,000	440,000	1,898,200	N	..	..	..	1,898,200	1,458,200	35.84	N	N	232
233	Lynchburg, Va.	40,661	2,227,100	965,340	2,918,417	6,110,857	1,550,192	48	..	52	4,560,665	2,442,248	60.06	N	N	233
234	St. Petersburg, Fla.[47]	40,425	6,844,600	......	4,321,000	11,165,600	1,578,296	..	..	..	9,587,304	5,266,304	130.27	11,086,000	11,086,000	234
235	Poughkeepsie, N. Y.	40,288	2,419,000	1,391,050	426,000	4,236,050	N	..	..	..	4.236,050	3,810,050	94.57	801,858	....	235
236	Ogden, Utah	40,272	1,668,000	1,314,000	990,000	3,972,000	126,470	68	22	10	3,845,530	2,868,030	71.22	586,000	N	236
237	Oshkosh, Wis.	40,108	703,000	538,000	99,000	1,340,000	N	..	..	..	1,340,000	1,241,000	30.94	N	N	237
238	Anderson, Ind.	39,804	418,201	703,000	195,000	1,316,201	N	.	.	..	1,316,201	1,121,201	28.17	562,733	N	238
239	East Cleveland, Ohio	39,667	1,069,800	2,217,000	N	3,286,800	541,968	58	42	N	2,744,832	2,744,832	69.20	265,080	N	239
240	La Crosse, Wis.	39,614	297,000	388,000	48,000	733,000	7,000	100	..	..	726,000	726,000	18.33	952,790	839,395	240
241	Butte, Mont.	39,532	Not reported													241
242	Sheboygan, Wis.	39,251	846,000	316,000	187,000	1,349,000	N	..	..	..	1,349,000	1,162,000	29.60	63,558	N	242
243	Waltham, Mass.	39,247	Not reported													243
244	Quincy, Ill.	39,241	N	967,000	90,000	1,057,000	64,013	N	100	N	992,987	902,987	23.01	476,900	N	244
245	Meriden, Conn.	38,481	824,000	1,113,000	208,000	2,145,000	143,381	100		..	2,001,619	1,793,619	46.61	N	N	245
246	Bloomfield, N. J.	38,077	2,734,000	2,467,500	1,238,000	6,439,500	52,398	56	N	44	6,387,102	5,172,102	135.83	340,000	....	246
247	Rock Island, Ill.[48]	37,953	N	1,091,000	286,000	1,377,000	41,215	N	N	100	1,335,785	1,091,000	28.75	303,738	N	247
248	Cumberland, Md.	37,747	2,300,000	2,525,000	3,044,900	7,869,900	860,769	37	N	63	7,009,131	4,503.000	119.29	....	....	248
249	San Bernardino, Cal.	37,481	691,083	1,426,000	245,575	2,362,658	84,082	22	64	14	2,278,576	2,044,713	54.55	N	N	249
250	Green Bay, Wis.	37,415	445,300	889,000	839,000	2,173,300	N	..	..	..	2,173,300	1,334,300	35.66	....	....	250
251	Raleigh, N. C.	37,379	Not reported													251
252	Taunton, Mass.	37,355	Not reported													252
253	Santa Monica, Cal.	37,146	2,049,000	1,665,000	1,163,750	4,877,750	190,880	31	43	26	4,686,870	3,572,094	96.16	564,167	N	253
254	West New York, N. J.	37,107	Not reported													254
255	Hazleton, Pa.	36,765	1,923,000	1,162,000	N	3,085,000	26,488	49	51	N	2,958,512	2,958,512	80.47	N	N	255
256	Danville, Ill.	36,765	Not reported													256
257	High Point, N. C.	36,745	Not reported													257
258	Auburn, N. Y.	36,652	2,070,935	564,000	298,500	2,933,435	16,112	N	N	100	2,917,323	2,634,935	71.89	145,361	145,361	258
259	Zanesville, Ohio	36,440	383,790	596,225	229,000	1,209,015	196,465	19	81	.	1,012,550	783,550	21.50	109,340	N	259

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total		
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Special Assessments	Total Special Assessments, General Obligation	
260	Superior, Wis.	36,113	835,456	1,365,300	N	2,200,756	N		..	..	2,200,756	2,200,756	60.94	N	N	260
261	Arlington, Mass.	36,094	368,500	787,000	142,000	1,297,500	148,723	100	..	.	1,148,777	1,006,777	27.89	....	... ...	261
262	Norwalk, Conn.[37]	36,019	3,889,000	....	1,183,000	5,072,000	442,575	72	..	28	4,629,425	3,572,548	99.19	N	N	262
263	Elgin, Ill.	35,929	812,000	201,000	88,000	1,101,000	15,002	N	N	100	1,085,998	1,013,000	28.19	601,700	N	263
264	Norristown, Pa.	35,853	1,060,000	1,305,500	N	2,365,500	524,065	23	77	..	1,841,435	1,841,435	51.36	....	....	264
265	White Plains, N. Y.	35,830	6,106,564	7,330,000	1,766,000	15,202,564	972,997	51	37	12	14,229,567	12,587,828	351.32	....	....	265
266	Revere, Mass.	35,680	Not reported													266
267	Steubenville, Ohio	35,422	439,674	561,750	79,951	1,081,375	13,407	22	78	..	1,067,968	988,017	27.89	99,150	....	267
268	Orange, N. J.	35,399	Not reported													268
269	Alameda, Cal.	35,033	Not reported													269
270	Lewiston, Me.	34,948	613,000	455,000	338,000	1,406,000	226,000	100	..	..	1,180,000	842,000	24.09	N	N	270
271	Watertown, Mass.	34,913	514,700	955,000	8,000	1,477,700	N	..	..	..	1,477,700	1,469,700	42.10	N	N	271
272	Amsterdam, N. Y.	34,817	Not reported													272
273	West Allis, Wis.	34,671	937,000	1,073,000	283,000	2,293,000	N	..	..	..	2,293,000	2,293,000	66.14	977,370	N	273
274	New Brunswick, N. J.	34,555	2,873,700	1,216,000	1,379,000	5,468,700	N	..	..	..	5,468,700	4,309,700	124.72	326,000	326,000	274
275	Easton, Pa.	34,468	2,767,000	1,681,000	N	4,448,000	797,555	66	34	N	3,650,445	3,650,445	105.91	N	N	275
276	Plainfield, N. J.	34,422	3,267,000	1,844,000	N	5,111,000	234,760	100	..	..	4,876,240	4,876,240	141.66	226,000	N	276
277	Newport News, Va.	34,417	2,511,000	1,127,000	3,110,000	6,748,000	922,260	100	..	N	5,825,740	2,715,740	78.91	N	N	277
278	Santa Barbara, Cal.	33,613	1,285,025	1,261,260	558,500	3,104,785	262,157	30	57	13	2,842,628	2,842,628	84.57	N	N	278
279	Paducah, Ky.	33,541	1,383,500	195,500	2,257,000	3,836,000	143,919	44	36	20	3,692,081	1,463,222	43.62	....	....	279
280	Mansfield, Ohio	33,525	813,095	769,183	95,000	1,677,278	42,097	100	N	..	1,635,181	1,540,181	45.94	63,750	....	280
281	Joplin, Mo.	33,454	371,500	990,000	N	1,361,500	35,319	100	N	N	1,326,181	1,326,181	39.64	N	N	281
282	Waukegan, Ill.	33,449	148,000	1,001,000	1,060,000	2,209,000	N	..	..	..	2,209,000	1,149,000	34.35	....	....	282
283	Norwood, Ohio	33,411	641,889	1,002,000	133,003	1,776,892	196,346	100	..	..	1,580,546	1,447,543	43.33	27,248	N	283
284	Sioux Falls, S. Dak.	33,362	Not reported													284
285	Colorado Springs, Colo.[37]	33,237	463,000	700,000	2,127,000	3,290,000	670,218	N	N	100	2,619,782	1,163,000	34.99	124,400	....	285
286	Elkhart, Ind.	32,949	112,000	625,000	1,162,000	1,899,000	109,993	27	N	73	1,789,007	707,768	21.48	N	N	286
287	Kokomo, Ind.	32,843	Not reported													287
288	Laredo, Texas	32,618	Not reported													288
289	Tucson, Ariz.	32,506	1,584,000	1,332,000	901,500	3,817,500	775,445	90	10	..	3,042,055	2,140,455	65.85	532,490	....	289
290	Richmond, Ind.	32,493	531,500	490,000	N	1,021,500	36,140	100	.	..	985,360	985,360	30.33	....	....	290
291	Rome, N. Y.	32,338	1,070,433	699,000	108,000	1,877,433	N	N	N	N	1,877,433	1,769,433	54.72	30,500	30,500	291
292	Wilmington, N. C.	32,270	2,039,605	954,000	1,015,895	4,009,500	318,986	9	82	9	3,690,514	2,703,156	83.77	......	....	292
293	Moline, Ill.	32,236	N	486,000	341,000	827,000	N	..	..	..	827,000	486,000	15.08	441,912	121,234	293
294	Watertown, N. Y.[37]	32,205	1,789,866	1,265,500	733,000	3,788,366	293,740	56	..	44	3,494,626	2,891,762	89.79	47,867	....	294
295	Muskogee, Okla.	32,026	1,728,093	1,186,700	594,000	3,508,793	2,208,762	46	35	19	1,300,031	1,138,981	35.56	453,000	N	295
296	Meridian, Miss.	31,954	1,681,651	499,411	406,000	2,587,062	3,252	87	13	..	2,583,810	2,177,810	68.15	208,743	....	296
297	Pensacola, Fla.	31,597	2,267,000	483,000	509,000	3,259,000	472,732	100	..	..	2,786,268	2,667,268	84.42	74,000	....	297
298	Nashua, N. H.	31,463	1,033,000	297,500	N	1,330,500	65,779	..	..	N	1,264,721	1,264,721	40.20	....	....	298
299	Fort Smith, Ark.	31,429	Not reported													299
300	Port Huron, Mich.	31,361	1,193,536	456,000	136,000	1,785,536	61,475	100	N	N	1,724,061	1,588,061	50.64	127,428	127,428	300
301	Newburgh, N. Y.	31,275	1,228,700	1,729,703	628,231	3,586,634	24,386	N	100	N	3,562,248	2,934,017	93.81	116,667	....	301
302	Marion, Ohio	31,084	Not reported													302
303	Bloomington, Ill.	30,930	Not reported													303
304	Hagerstown, Md.	30,861	Not reported													304
305	Bellingham, Wash.	30,823	472,500	N	256,000	728,500	N	..	..	..	728,500	472,500	15.33	....	....	305
306	Baton Rouge, La.	30,729	2,545,900	950,000	N	3,495,900	31,260	100	N	N	3,464,640	3,464,640	112.75	....	....	306

			Gross Bonded Debt				Sinking Fund	Gen'l Improvement (per cent)			Net Bonded Debt			Total	Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Special Assessments	Special Assessments, General Obligation	
307	Newark, Ohio	30,596	791,250	734,000	258,000	1,783,250	70,276	..	N	..	1,712,974	1,454,974	47.55	202,250	202,250	307
308	Everett, Wash.	30,567	Not reported													308
309	Santa Ana, Cal.	30,322	543,535	3,948,750	146,125	4,638,410	463,844	09	89	02	4,174,566	4,018,298	132.52	978,155	564,482	309
310	Alton, Ill.	30,150	Not reported													310
Canadian Cities																
1	Montreal, Que.[49]	818,577	170,580,908	39,564,000	55,270,633	265,415,541	41,361,861	86	14	..	224,053,680	168,783,047	206.19	44,985,036	....	1
2	Toronto, Ont.[50]	626,674	59,785,674	26,786,577	83,838,712	170,410,963	27,094,162	..	..	..	143,316,801	64,413,339	102.79	12,472,339	12,472,339	2
3	Vancouver, B. C.	246,593	42,261,151	10,370,176	6,008,258	58,639,585	17,894,014	74	16	10	40,745,571	36,471,231	147.90	8,377,561	1,480,280	3
4	Winnipeg, Man.[51]	218,785	10,014,764	8,250,000	37,685,559	55,950,323	25,687,771	24	13	63	30,262,552	8,562,698	39.14	8,932,181	....	4
5	Hamilton, Ont.[52]	153,507	15,437,288	4,454,580	7,127,031	27,018,899	579,434	02	..	98	26,439,465	19,865,204	129.41	3,356,256	1,728,977	5
6	Quebec, Que.[53]	130,594	23,895,730	6,584,000	7,372,757	37,852,487	4,100,462	51	35	14	33,752,025	26,953,190	206.39	....	....	6
7	Ottawa, Ont.[54]	126,872	10,678,394	3,758,954	6,531,948	20,969,296	4,916,005	31	22	47	16,053,291	11,827,737	93.22	2,810,086	1,245,344	7
8	Calgary, Alta.[55]	83,761	8,741,641	2,511,700	11,008,447	22,261,788	9,317,515	34	N	66	12,944,273	8,076,085	96.42	2,820,327	1,029,441	8
9	Edmonton, Alta.[56]	79,197	22,566,736	3,901,048	7,233,518	33,701,302	10,502,702	73	7	20	23,198,600	18,095,714	228.49	3,020,561	....	9
10	London, Ont.[57]	71,148	3,805,644	2,842,683	4,029,935	10,678,262	1,644,379	..	..	..	9,033,883	7,175,239	100.85	1,300,582	....	10
11	Windsor, Ont.	63,108	Not reported													11
12	Verdun, Que.[58]	60,745	8,044,700	1,705,408	100,000	9,850,108	2,056,998	92	8	..	7,793,110	7,693,110	126.65	1,747,200	....	12
13	Halifax, N. S.	59,275	10,385,652	2,657,152	2,109,209	15,144,013	4,466,621	72	28	..	10,677,392	8,576,183	144.68	478,376	478,376	13
14	Regina, Sask.[59]	53,209	6,353,158	2,510,746	7,214,329	16,078,233	6,862,030	44	08	48	9,216,203	5,269,400	99.03	3,885,302	1,457,365	14
15	St. John, N. B.	47,514	Not reported													15
16	Saskatoon, Sask.	43,291	6,290,893	2,875,770	4,516,496	13,683,159	4,902,580	40	11	49	8,780,579	6,657,035	153.77	2,689,667	922,858	16
17	Victoria, B. C.	39,082	11,387,197	968,915	3,725,895	16,082,007	4,395,002	61	19	20	11,687,005	8,834,961	226.06	....	....	17
18	Three Rivers, Que.	34,450	Not reported													18

New York. General bonds include assessment bonds, $94,735,000; utility bonds include rapid transit (subway) $714,202,889, and docks $181,614,298; general sinking fund includes school. The water utility is self-supporting, subway $50,622,725, and docks $90,000,000, self-supporting.

[2] **Chicago.** General bonds include sanitary district bonds, $120,328,275, 86 per cent of the total debt of the district, which is the proportion of taxable values within the city, and the bonds of the various park districts, now consolidated. County debt, $47,291,910, and forest preserve district (co-terminous with the county), $12,515,750, are not included; 83.8 per cent of the taxable values are within the city. Utility bonds are light and power.

[3] **Philadelphia.** General bonds include utility debt. Net self-supporting debt is estimated at $60,000,000. There is no county debt.

[4] **Detroit.** General bonds include school and public lighting bonds. Utility bonds include street railway, $37,456,000. General sinking fund includes school.

[5] **Los Angeles.** General bonds include flood control, $13,890,600, based upon proportion of taxable values within the city; utility bonds include light and power $32,535,000, harbor $19,995,500, and metropolitan water district $39,050,000. School bonds are issued by the county, the city's pro-rated share being reported. The city's portion of county debt, $3,213,000, is omitted. Debt is reported as at June 30, 1935.

[6] **Cleveland.** Utility debt includes light and power, $4,469,000. City's portion of county debt omitted.

[7] **Baltimore.** In addition to the water debt, general bonds for conduit and certain harbor terminal are deducted as self-supporting.

[8] **Boston.** General debt includes county, $997,000, borne entirely by city. Utility bonds include rapid transit and traffic tunnel, $77,089,700. $19,166,223 traffic tunnel debt is deducted in computing self-supporting, the tunnel being about 90 per cent self-supporting.

[9] **San Francisco.** Utility bonds include street railway, $1,700,000; water debt includes power. Golden Gate Bridge general obligation bonds, $23,700,000, not included; if not self-supporting, city will pay 85 per cent of cost.

[10] **Milwaukee.** Metropolitan sewerage district bonds, $18,427,146, 79.5 per cent borne by city, not included. Water debt includes $1,500,000 revenue bonds.

[11] **Minneapolis.** Utility bonds include market, $180,000.

[12] **New Orleans.** General bonds include sewer, water, and drainage bonds. Utility bonds are Public Belt R. R. Debt reported does not include Public Belt Bridge revenue bonds, $6,000,000, port (a state agency) $37,304,000, and Orleans levee district (co-terminous with the city) $19,989,000.

[13] **Cincinnati.** General bonds include university, $3,223,180; utility bonds include rapid transit, $6,100,000; Cincinnati Southern Railway construction, $14,932,000, and terminal, $6,900,000; and airport, $777,000. The annual rental of the railway exceeds the debt charges on its construction bonds, the excess being equivalent to debt charges on approximately $10,000,000, 25-year, 4 per cent, bonds; self-supporting debt is computed on this basis.

[14] **Seattle.** Utility bonds include light and power, $33,944,000, and street railway, $9,091,000.

[15] **Indianapolis.** Utility debt is gas bonds; school debt includes library.

[16] **Portland.** General bonds include dock, $6,759,800, and city's share (92.98 per cent) of port bonds, $2,532,000. Utility bonds include golf links, $103,000. School debt reported is city's share (96.86 per cent) of school district number one.

[17] **Columbus.** Utility debt includes light and power, $1,406,000.

[18] **Denver.** Utility bonds include city's portion (88 per cent) of Moffat Tunnel District.

[19] **Oakland.** General bonds include harbor, $6,721,000. Utility bonds are city's share (60 per cent) of East Bay Municipal Utility (Water) District.

[20] **Omaha.** Utility bonds include gas, $2,639,000.

[21] **Syracuse.** Utility bonds include stadium, $125,000.

Miami Conservancy District not included.

[23] **Richmond.** Utility bonds include light and power, $300,000, and gas, $3,349,550.

[24] **Nashville.** Utility bonds include light and power, $78,000.

[25] **Long Beach.** Utility bonds include gas, $3,400,000; water debt is city's portion (8 per cent) of Metropolitan Water District.

[26] **Norfolk.** Utility bonds include port terminal, $5,461,000. General sinking fund includes school.

[27] **Jacksonville.** Utility bonds include light and power, $1,222,500, and docks and terminals, $2,265,000.

[28] **Kansas City, Kansas.** Utility bonds include light and power, $2,280,000.

[29] **Spokane.** Utility bonds include golf, $75,000.

[30] **Tacoma.** Utility bonds include light and power, $6,696,000, street railway, $343,000, and garbage plant, $44,000. Port debt not included.

[31] **Wilmington.** Utility bonds include harbor, $2,630,000. Debt as at June 30, 1935.

[32] **Knoxville.** Utility bonds include light and power, $300,000.

[33] **El Paso.** Utility bonds include sewer, $343,000, and stadium, $49,000.

[34] **Evansville.** Utility bonds include sewage revenue bonds, $300,000.

[35] **Duluth.** Utility bonds include gas, $531,030.

[36] **Sacramento.** Utility bonds include harbor, $135,000.

[37] In the following cities, utility bonds include lighting for the following amount: **Lansing,** $877,000; **Pasadena,** $258,225; **Springfield, Illinois,** $175,000; **Glendale,** $43,000; **Jamestown,** $100,000; **Chicopee,** $8,250; **Norwalk,** $19,000; **Alameda,** $47,225; **Colorado Springs,** $867,000; **Watertown,** $733,000.

[38] **New Britain.** Utility bonds include subways for electric wires, $435,000.

[39] **Beaumont.** Utility bonds include wharf and dock, $1,546,750, and abattoir, $10,000.

[40] **Holyoke.** Utility bonds include lighting, $741,000, and Holyoke and Westfield R. R., $132,000.

[41] **Cedar Rapids.** Utility bonds include sewer, $976,000.

[42] **Jackson.** Utility bonds include sewage disposal, $397,000.

[43] **Austin.** Utility bonds include sewer, $624,500.

[44] **Hamilton.** Utility bonds include lighting, $414,500, and gas, $125,230.

[45] **Phoenix.** Utility debt includes street railway, $600,000; school debt is county.

[46] **Battle Creek.** Utility debt is sewer.

[47] **St. Petersburg.** Utility debt includes lighting, $535,000, street railway, $1,162,000, and gas, $1,038,000. School debt not reported.

[48] **Rock Island.** Utility debt is river and rail terminal.

[49] **Montreal.** Utility debt includes undergound conduit, $6,150,000.

[50] **Toronto.** Utility debt includes light and power, $24,091,447; street railway, $28,708,760; Canadian National Exhibition, $2,847,040, of which 65 per cent is carried by taxation; Royal Winter Fair, $1,465,185, 55 per cent carried by taxation; housing, $297,000, 15 per cent carried by taxation; and abattoir, $301,025, and ferries $25,000, both carried by taxation. Harbour Commission bonds, $23,029,000, guaranteed by the city, not included in debt reported.

[51] **Winnipeg.** Utility debt includes hydro-electric, $25,502,000; steam heating, $1,500,000; housing, $2,150,000; and other, $2,868,487.

[52] **Hamilton.** Utility bonds include hydro-electric, $2,568,857.

[53] **Quebec.** Debt is as at April 30, 1935.

[54] **Ottawa.** Utility bonds include hydro-electric, $709,312.

[55] **Calgary.** General bonds include hospitals, $295,095. Utility bonds include electric, $2,977,872, and street railway, $2,855,644.

[56] **Edmonton.** Utility bonds include electric, $1,839,743; street railway, $965,611; and telephone, $1,080,998.

[57] **London.** Utility bonds include electric, $918,074; electric railway, $1,874,035; and housing, $297,256. Data as at January 1, 1935.

[58] **Verdun.** Utility bonds are housing. School debt reported is for Protestant schools.

[59] **Regina.** Utility bonds include electric, $2,667,366; street railway, $2,008,018; and air harbour, $100,000.

NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

(Continued from Page 327)

9. It does not maintain a current tabulation of bonds and notes issued.

The developments which may be listed as credits are:

1. The commission has undoubtedly prevented much unwise borrowing, probably more through preventing applications than by disapproving them. On the other hand, it has certainly not erred on the side of undue severity in disapproving applications.

2. The procedure for the issue and sale of bonds insures uniformity, technical regularity, and minimum cost.

3. In most cases the bonds of local units are assured of a wider market and lower interest rates because of the commission's method of advertising and selling.

4. Note issues have been reduced in volume, given a wider market, and lower interest rate.

5. There has been a great improvement in the investment of sinking funds currently accumulating and in the protection of current funds.

6. The commission has effected large savings for local units by supervising auditing contracts, and by acting as depository for bonds to be exchanged.

7. The commission performs a number of other services for local units, such as advising them on financial matters, assisting in the preparation of refunding plans, and the compiling, publishing, and distributing of all laws pertaining to local governments.

On balance, so far as the commission is concerned, the credits outweigh the debits; this first real experience with fiscal control has been favorable. Some of the unfavorable factors have been caused by conditions beyond control, while others have been caused by a weakening of the general assembly. So, while the commission has been a success, it has not accomplished all that was hoped for it, nor all that could reasonably be demanded of it.

FEDERAL MUNICIPAL DEBT ADJUSTMENT ACT

(Continued from Page 332)

March 4, 1936). Three main arguments are relied upon by the petitioners: First, that the act is unconstitutional because it attempts to deal with political subdivisions, control over which is reserved to the states by the tenth amendment, and which can only be delegated to the United States by constitutional amendment duly adopted, instead of by mere consent or acquiescence of any one state; second, that the act attempts to authorize any state to impair the obligation of the contracts of its political subdivisions in violation of subdivision (1) of section 10 of article I of the constitution, by permitting the application of the bankruptcy act to its political subdivisions; third, and a strong argument, that the act is unconstitutional because it attempts to make its application dependent upon the will of the state in which the political subdivision invoking the act is located thus destroying the uniformity of the act as a national bankruptcy act. This petition is of further significance because the question of the validity of loans by the Reconstruction Finance Corporation to special taxing districts has also been squarely raised.

A decision by the United States Supreme Court that the act is unconstitutional would be unfortunate. Bankruptcy procedure is the best guarantee that the more serious municipal debt difficulties will be settled amicably, and that the unfortunate experiences following the depression of 1873 will not be repeated.

Editor's Note.—The decision of the United States Supreme Court, declaring the municipal bankruptcy act unconstitutional, was made public as this issue of the Review was going to press.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Toledo Establishes Official Industrial Peace Board.—A recent ordinance of the city of Toledo, Ohio, according to the *United States Municipal News,* officially establishes the Toledo Peace Board as a municipal advisory board, to promote industrial harmony and assist in the maintenance of law and order. The board was set up in July 1935, on the suggestion of Edward F. McGrady, Assistant United States Secretary of Labor. The mayor of Toledo has given his official appointment to all present members of the board, and will fill vacancies on the written recommendation of the board itself. Members are to remain unsalaried, but the city will henceforth pay the salary of a director and the office expenses of the agency, up to a total of $5,625 for the next fiscal year. The duties of the board include the making of investigations and recommendations in industrial matters, and the study of industrial problems which affect the general public.

*

Council-Manager Plan Developments.—The council-manager plan and its handmaiden, proportional representation, have been subject to several recent attacks, some of which have been successful while others have been warded off. As noted in the proportional representation department in this issue, Cincinnati on May 12 retained the Hare system of voting by a narrow margin. Shorewood, Wisconsin, by a six-to-one vote of the village board recently abandoned the village manager ordinance that has been in effect for eight years. The board assumed powers formerly exercised by the manager, among them the authority to hire and discharge municipal employees, including police and firemen. The village president, according to the May 15 *News Letter* of the International City Managers' Association, gave as the reason for the change, "This will provide greater concentration of authority"(!) The board, however, at the same meeting reappointed H. A. Schmitt, the village manager, as chief administrative officer, at his former salary. Stevens Point, Wisconsin, has abandoned the manager plan and has voted to return to the mayor-alderman plan in April 1937.

Beaumont, Texas, where the manager plan has been in operation since 1920, voted on May 23 on a proposal to replace the plan with the mayor-commission form of government. The manager plan was sustained by a vote of 1724 to 468.

In Pomona, California, a board of freeholders has completed the framing of a manager charter for submission to the voters. Chickasha, Oklahoma, recently elected a board of freeholders to draft a charter for approval at the polls. It is planned in Columbus, Ohio, to circulate new petitions calling for a special election this summer on the adoption of the manager plan. Canon City, Colorado, is reported to be considering the adoption of the plan. In Chicago, Illinois, the city manager committee of the City Club has circulated petitions on the manager plan as a preliminary move in the effort to enlist civic organizations throughout the city in a widespread circularization of citizens.

Bethany, Oklahoma, on May 5, defeated a proposed council-manager charter, and El Cerrito, California, is also reported to have voted against a similar proposal.

New Rochelle Scraps Nonpartisan Elections.—On May 18 the city council of New Rochelle, New York, against the opposition of the Charter League, the local newspaper, and civic groups, amended the city manager charter, eliminating the provision for nonpartisan election. The vote was three to two. The action was reported to have the support of the regular Republican organization.

*

Survey Committee Reports on New Jersey Local Government.—The Princeton Local Government Survey Committee, headed by Dr. Harold W. Dodds, president of Princeton University, made public on May 19 the first of a series of four bulletins on local government in New Jersey. The committee has been engaged for more than a year in investigations to develop a program for the practical improvement of local government in that state. The first bulletin emphasizes the great number of separate local governments in New Jersey—21 counties, 52 cities, 253 boroughs, 23 towns, 233 townships, 3 villages, 543 school districts, and many special districts. There are more than 350 separate and independent police departments in the one small state.

The bulletin outlines three basic policies which it claims are essential to effective and economical government:

> First, a clear-cut procedure for the permissive consolidation of local government services, a further coöperation, wherever suitable conditions prevail, between local government units, and a wider application of regional government, particularly in the metropolitan areas.
>
> Second, complete provision for readjustment in local government structure based on a realistic classification of municipalities, on a thoroughly coördinated fiscal procedure, and on a greatly simplified framework.
>
> Third, a complete revision of the welter of local government laws, and a new precision, thoroughness and clarity to statute law-making that has only rarely been attained in New Jersey.

*

A Legislative Research Bureau for Editors?—A proposal made to the New York State Society of Newspaper Editors at its annual meeting in Rochester, that the society establish a research bureau to analyze and report on all legislation in the state affecting the press and local government, resulted in the appointment by President Clarence T. Leighton of the society on May 18 of a committee of five editors to study the idea. Such a bureau was suggested to the editors by Howard P. Jones, editor of the NATIONAL MUNICIPAL REVIEW.

*

State Legislatures and Local Government.—As a result of reporting the activities of the 1936 session of the Virginia General Assembly and noting reports received from other states, Harold I. Baumes, assistant director of the Municipal Reference Bureau of the League of Virginia Municipalities, has concluded that local government could readily be regarded as a legislative step-child or foundling. He observes that at nearly every session of state legislatures, "local bills and general bills are introduced which, if passed, would strangle local government either by limiting sources of local revenue, making inroads on home rule, centralizing supervision in the state, or imposing new financial burdens without providing additional revenue sources to meet them." Nevertheless, he believes there are definite remedies, which he outlines as follows:

"First, we must continually emphasize before our state legislative bodies that the political subdivisions are merely a part of the state government and that it is nothing short of foolishness to blindly curtail revenue sources or impose additional financial burdens on them without making necessary changes in the burdens carried by the localities or the local tax system. Second, the attention of such state research bodies as the legislative advisory council should be directed to the study of local as well as state problems and a constructive legislative program for the proper development of the local political subdivisions should be prepared. This would serve to emphasize the close relationship which actually exists between the state and the local units and the fact that legislation which is detrimental to the local units also adversely affects the state as a whole. Third, an effort must be made to coordinate the state legislative needs of the counties and municipalities so that they can present more nearly a united front before the state legislature. A legislative program must be prepared based on careful study and research, accurately and completely enumerating the reasons why certain legislation should be enacted and the results which would follow its passage. The development of a well organized, active municipal league will contribute much to this desired objective. Getting at the actual facts as they exist is the best way of securing unanimity of opinion on any question. And last of all, proper and proportionate representation should be accorded both the rural and urban sections of the state so that the interests of each can be fairly presented. This will call for courageous redistricting without regard to local political situations.

"Simplification of the state legislative processes themselves would be conducive to more constructive legislation. Smaller legislative bodies and fewer committees so arranged as to allow ample time for the consideration of all legislation presented would seem to be a step in the right direction. The remarkable thing is that more harmful legislation is not 'pushed through' in the confusion which is bound to exist in a biennial session of a state legislature for a period as short as sixty days in some states. Only by working out in advance a comprehensive legislative program for both the state and the localities can such unfortunate results be avoided. Indeed, it is remarkable that the legislators in many of our states have been able to contribute as much as they have to the advancement of democratic government."

*

A Constitutional Convention for New York?—Governor Lehman on May 21 signed a bill providing for submission to the voters of New York State next November of a referendum on the holding of a constitutional convention. If the voters approve the proposal, delegates will be elected in the fall of 1937 for a convention to be held in April 1938. There has been no constitutional convention in New York State since 1915.

*

Civil Service Rules Urged for Federal Emergency Agencies.—On May 18 the National Civil Service Reform League forwarded to the national chairmen of the two major parties copies of a model civil service reform plank, urging its adoption for the platforms of both parties. It stresses the extension of the civil service rules to the exempt positions in the temporary agencies of the federal government, now numbering more than 200,000.

The Public Affairs Committee, headed by Raymond Leslie Buell, also gives emphasis to the great increase in federal positions in emergency agencies outside of the merit system, in a pamphlet entitled "Our Government —For Spoils or Service?" This publication summarizes the findings of the Commission of Inquiry on Public Service and is issued in coöperation with the Institute of Public Administration. It urges a new drive to place government service on a career basis.

*

Women's Groups Demand Merit System.—At the opening mass meeting, April 28, of the fifth biennial convention of the National League of Women Voters, in Cincinnati, Ohio, civil service reform was emphasized and a vigorous demand for the merit system was expressed. A plan of campaign was presented and endorsed, the major features of which are: civil service planks in party platforms, the pledging of candidates to the merit system, and the organization of a lobby for continuing pressure on national legislators.

The General Federation of Women's Clubs at its annual meeting held in Miami, Florida, adopted a resolution in which the federation "reaffirmed its adherence to the merit system and urged upon Congress and the state legislatures continued extension of the civil service plan to the end that fitness and efficiency shall be the major consideration in filling of appointive public positions."

*

Michigan League Sponsors Model Personnel Departments.—Michigan cities wishing to use the merit system in municipal work, but hitherto unable to do so because of the cost of its installation, are being given the opportunity through aid supplied by the Michigan Municipal League, which has arranged for Public Administration Service of Chicago to install model personnel departments in three selected Michigan cities—Flint, Dearborn, and Saginaw—as a demonstration of what can be accomplished under varying conditions.

Saginaw, without a formal civil service commission, is a city manager city, and the personnel unit will operate directly under the manager. Flint, also a manager city, has an independent civil service commission with the three members appointed, one each by the city commission, the school board, and the hospital board. Dearborn has a council-appointed civil service commission with jurisdiction over all employees except policemen and firemen; its charter also provides a separate board for the firemen but none for policemen. Public Administration Service will design personnel systems to fit these varying conditions, including provisions for competitive examinations, classification, and compensation plans, service rating and other similar devices; and the Michigan Municipal League is organizing a staff of personnel technicians to render continuous operating services on a cost basis to its member cities.

*

Public Works Administration for Municipal Engineers.—A three-day conference or "school" was held at New York University early in May for the purpose of dealing with problems of administration, particularly for the benefit of municipal public works engineers and officials. Sponsors of the conference were New York University's College of Engineering and Division of Public Administration, the American Society of Municipal Engineers, and the International Association of Public Works Officials. The conference was attended by heads of public works department bureaus, WPA and PWA engineers, and college professors of engineering, all of them from New York City and nearby towns. There were two lectures on public works finance, including sewer rental laws, street assessments, underwriting bonds, the economics of grants-in-aid, etc. In a session on procurement practices in public works, lectures by Russell Forbes, New York City Commissioner of Purchase and a governmental consultant, gave them insight into the purchasing problems and approved purchasing methods for cities of small, medium, and large size. Intercommunity problems, such as flood control, power development, and regional planning, were presented in another session, with suggestions as to possibilities of their coöperative solution. Two lectures on planning for public works construction and the personnel problems of public works closed the series.

It is planned to repeat the New York school next year and the two associations are considering sponsoring similar conferences in other parts of the country also.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York State.—*County Government Bills at Albany.*—The New York legislature adjourned on May 13 without taking any long steps toward carrying out the mandate of the county home rule amendment, approved by the voters of the state last fall by a three-to-one majority. It did pass the least comprehensive of the three general optional county government bills before it, sponsored by Senator Fearon of Syracuse, Republican minority leader of the senate, and Assemblyman Parsons; but this bill does not put within the power of the voters of a county—unless they can get the coöperation of the county board of supervisors—any powers which they could not have been given before the county home rule amendment was passed. It is in general similar to the Buckley county home rule law passed last year, under which Monroe County has installed a county manager, but is slightly better in its manager plan provisions and also allows a county to get improved budget procedure and increased powers of local legislation without making any fundamental change in its structure of government. It contains an option also for a small board of supervisors elected from districts for county purposes only, but for some unexplained reason this improvement is not made available in connection with any of the plans for a chief county executive. Its only provision for transfers of powers from one unit of government to another, as contemplated in the home rule amendment, is that the board of supervisors of a county which has adopted an optional form may put on the ballot any such transfer which does not conflict with local laws passed under the home rule powers of cities. This sort of blanket authorization has been questioned as outside the permission granted the legislature to submit specific forms of government which transfer powers.

The Fearon-Parsons act, which Governor Lehman signed though he was strongly in favor of a more comprehensive bill, cannot take effect until next year because of its provisions that questions can be submitted under it only in odd-numbered years. It was partly for that reason that upstate officials expressed a preference for the Fearon-Parsons bill. The Buckley-Reoux (Mastick commission) bill, which was described in this department for February, and the Desmond-Mailler bill, which contained most of the options of the other bills and a good many others besides, could both have been used this fall and thus made extensive improvements and economies available before the next election of county officers.

All three bills passed the Democratic senate unanimously. They could all have been passed and signed without legal conflict, and until the last day of the session there was some hope that this course would be followed because of the large amount of public interest that was shown in the two more comprehensive bills. The Republican-controlled rules committee of the assembly, however, was finally persuaded by the pleas of affected office-holders to keep all but the Fearon-Parsons bill in committee. The assembly minority leader, Assemblyman Steingut, tried to bring the other two bills out by discharge motions, but like most other such motions these were rejected by straight party votes on short roll calls.

A further account of the fortunes of the Desmond-Mailler bill, the only one which included options for proportional representation, preferential voting, non-partisan ballot, and various other improvements in election methods, and the only one which allowed the people by direct petition and popular vote to reduce the number of separate units of government within a county, will be found on page 377.

G. H. H. Jr.

Nassau County Charter Bill Passed.—The New York legislature on May 13 passed, with certain minor changes made by the senate, the Nassau County charter bill (S. Int. 611, A. Int. 703). This is the first measure passed under the provisions of the county home rule amendment adopted last fall. If the Governor signs it, as he is expected to do, it will be voted on next November. It was prepared by the Nassau County Commission on Governmental Revision, appointed by the county board, after careful study and numerous public hearings and with the assistance of the Consultant Service of the National Municipal League, directed by Dr. Thomas H. Reed. Its passage marks a long step forward in the movement for county reorganization in New York, not only because of the benefits it promises to Nassau County but also because it indicates that the legislature and the people of that state really intend to realize on the opportunities presented by the recent constitutional amendment.

Monroe County Act Sustained.—It is the unanimous opinion of the New York State Court of Appeals that the Buckley law [under which the voters of Monroe County adopted the county manager form of government (Plan B)] means what it says. That is, when it gave the county manager appointed under its provisions the power to reorganize the county administration it had no thought of hampering his action. The section which requires a hold-over elective officer "to perform such duties as may be assigned to him by the county manager" is unanimously sustained.

With this judicial approval of his powers, and with the supervisors' authority to employ competent financial experts to effect a reorganization of the county's fiscal affairs, Mr. Smith [Monroe County's new manager] can proceed on his plan to co-ordinate tax collection, auditing, and purchasing in a unified finance department for which the law provides.

This is the county manager's first and perhaps most important task. He already has intimated that as finance director, which place he holds along with his general supervisory duties, he will establish a division of the treasury, a division of purchase, and a controller's division. The advice of experts will be sought to make the details of the organization workable and efficient.

One important action remains to be taken by the board of supervisors on financial questions. This is a resolution providing definitely for an annual audit by competent outside certified public accountants. The omission of this requirement from the Buckley law was a serious defect. With this addition the county's finances will be managed in the manner which has been adopted by cities with modernized governments. (From the Rochester *Democrat-Chronicle*, April 17, 1936.)

Harold W. Sanford

Reorganization of Westchester County Again Defeated.—On April 27, the Westchester Commission on Government, headed by Carl H. Pforzheimer, submitted to the board of supervisors a final draft of its recommendations in bill form with a request that it be forwarded immediately to the legislature for approval. The commission also asked that it be discharged, its work having been completed.

One of the principal effects of the proposed new government would be to abolish the supervisors, substituting a legislative body of ten members and providing for an elective county executive.

The commission urged early action pointing out that failure to send the bill to Albany prior to the rapidly approaching adjournment of the legislature would delay action until next year, necessitating a referendum simultaneously with the election of a new board of supervisors. However, three days later the Westchester board of supervisors rejected the charter. This makes any action by the present legislature impossible and delays re-organization of Westchester County government again.

*

Virginia—County Planning Legislation.—The principal act relating to county government passed by the 1936 session of the Virginia general assembly is chapter 429 of the acts of the assembly which authorizes county boards of supervisors to appoint a county planning commission of five members, who are to serve without pay and are to be removable for cause by the appointing authority. It is the duty of the planning commission to make a master plan for the physical development of the unincorporated part of the county for the purpose of "accomplishing a coördinated . . . development of the county which will best promote the health, safety, morals, order, convenience, prosperity, and general welfare of the inhabitants . . ." If the county board of supervisors accepts the plan, then the planning commission has authority to approve the location of any proposed road, park, public building, or utility. The commission's disapproval, however, can be overruled by the board of supervisors.

The coöperative nature of planning is seen in the inter-relationships of the county planning commission. The Virginia act provides for planning coöperation between the county and the state highway department, the county and the incorporated areas within the county, and between the county and the state planning board. The county commission is required to send to the state board copies of all surveys, reports, and maps.

One county, Henrico, has appointed a planning commission as provided by this law.

James E. Pate

College of William & Mary

*

Wisconsin—Milwaukee City Parks to Be Transferred to County.—The Milwaukee area continues to make gradual approaches to internal consolidation. The proponents of consolidation, having been temporarily balked in the state legislature, have started to attack their problem from the functional standpoint. In the spring election this year the voters of the city were presented with the question of handing the administration of the city park system over to the county which at present administers a separate park system of its own. By a three-to-one vote the city electorate answered in favor of taking such action. Two qualifying questions had been inserted on the ballot: (1) "Shall a condition of the transfer be the assumption by the county of $4,631,251 of city park bonds?"; (2) "Shall a condition of the transfer be the empowering of the mayor and common council to appoint a majority of the county park board?" Both questions were defeated. The Socialists had advocated the transfer, but had also advocated the passage of the two qualifying amendments. The transfer was approved in every ward and in almost every precinct.

The referendum ordinance instructs the proper city officials to transfer the parks to the county by July 1, 1937. City employees transferred to the county will retain civil service rights, seniority, pension rights, and pay rates.

Lee S. Greene

University of Wisconsin

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

P. R. Wins in Cincinnati.—"The P. R. way of voting, part and parcel of Cincinnati's new era in government, stays in the city charter.

"And thus, in Tuesday's primary, was written a rather extraordinary page of Cincinnati's recent political history. The rebuff of the leaders of what has long been the dominant party in the community is no small event.

"A few years ago it would have been unthinkable that any general proposition supported by the disciplined Republican organization could have gone down to defeat at a primary. Now we have witnessed the fact accomplished. . . .

"The victory gives heart to civic groups everywhere who have looked to Cincinnati for proof that a so-called reform government can withstand the assaults of embattled politicians if the electorate is wise.

"The victory is the people's—a tribute to their intelligence and good judgment."

This was the editorial comment of the Cincinnati *Post,* staunch champion of proportional representation since it first was put on the ballot for adoption in 1924, on the defeat on May 12 of the proposal to abolish the system and substitute plurality elections without primaries.

The vote was close: 35,819 for the amendment, 36,650 against it, a majority of 831. As is usual at a primary, the total vote was only about half the normal vote in a regular municipal election.

The Republican organization had picked for the referendum the very best time to get rid of the system of election which had brought an end to the domination of the notorious Cox-Hynicka machine a little over ten years ago and had kept its successors out of power ever since. The primary is traditionally a time when independents in large numbers stay at home and professional politicians are in the ascendancy. And this particular primary came only a few months after the election of Herbert S. Bigelow, independent pastor of the People's Church and associate of Father Coughlin in the National Union for Social Justice, had raised doubts in many conservative minds as to the method of election which happened to give him the balance of power in the city council. As described in this department for February 1936, a very satisfactory working agreement between the four City Charter Committee councilmen and Mr. Bigelow was arranged without loss of ideals on either side and the city's famous good government regime continued without interruption, but the development was sufficient to cause the influential Cincinnati *Enquirer* to switch from recent support of P. R. to opposition and to give the politicians an argument against P. R. with more appeal than any they had had since the plan's adoption. Under such circumstances Forest Frank, executive secretary of the City Charter Committee, hailed the defeat of the amendment as "a stupendous victory."

There was at first some talk among organization men of submitting the repeal again at the fall election, but at that time both of their advantages will be minimized. The independent vote will be out in full force for the election of a president, as it was when the P. R.-manager charter was adopted in 1924. And Mr. Bigelow has now won the Democratic nomination for Congress by a vote of about three to one against the regular Democratic nominee and stands an excellent chance of election in the fall, while several of his running-mates were nominated for other offices, making it clear that although P. R. is the only system which guarantees to his insurgent movement its rightful share of representation other systems might do even better by it.

The attack on P. R. was carried on almost entirely by the Republican organization. It was sponsored ostensibly by a "Nonpartisan Committee for Repeal of P. R.," but, as the *Post* put it editorially on May 9:

> Whose baby is this amendment to kill P. R.? It was left on Cincinnati's doorstep with the label "Nonpartisan Committee" tied to the basket. But when the people of Cincinnati looked a little closer they found "G. O. P. bosses" embroidered on the dress.
>
> Look at the guest list at the christening! Four hundred of the 438 petitions were circulated by Republican precinct officials and political job holders. Republican Chairman Hagan boasts of the work done by his party followers.

The work of the organization was most effective among the under-privileged negroes, most of whom followed orders blindly even though P. R. had forced a creditable representative of their race into the Republican delegation in the council. The sixteenth ward, one of the two in which negroes predominate, gave the amendment a majority of over 2,300. After the election George B. Conrad, a prominent negro lawyer, announced that "the progressive, educated classes of my group supported P. R." and promised a continuing educational campaign in its civic advantages.

The City Charter Committee took an effective lead in defense of the election system which had made its reform regime possible and was vigorously assisted by its present allies in the council, the Democratic party and Mr. Bigelow. Walter J. Millard, field secretary of the National Municipal League and a Cincinnatian himself, assisted in the last weeks of the campaign. Especially helpful were the statements in support of P. R. by Monsignor Frank A. Thill, chancellor of the Cincinnati Archdiocese of the Catholic Church; Phil E. Ziegler, editor of the *Railway Clerk*, organ of the national Brotherhood of Railway Clerks; and visiting leaders of the National League of Women Voters, which held its annual convention in Cincinnati shortly before the election.

*

P. R. Proposal Finding Favor in New York City.—The New York City Charter Revision Commission's announcement that it would submit P. R. to the voters at the November election was greeted with enthusiasm by most of the large civic groups which are taking an interest in charter revision. Among those which have given their wholehearted approval to the P. R. proposal are the Citizens Union, the League of Women Voters, the Men's and Women's City Clubs, the Merchants Association, the City Affairs Committee, the Business and Professional Women's Clubs, the Joint Committee of Teachers' Organizations, and the Brooklyn Civic Council.

Editorial opinion has not yet crystallized but the few editorial expressions which have so far appeared have been largely favorable. The *World-Telegram* said on April 28:

> The act creating the commission directed it:
>
> *To draft a proposed new charter adapted to the requirements of such city (New York) and designed to provide for the people of such city a more efficient and economical form of government.*
>
> Did that mean, as it reads, that efficiency and economy were to be sought to the utmost in the proposed form and structure itself? Or did it mean that the form was chiefly to provide the people with new opportunities to work their own way toward the economy and efficiency?
>
> It seems to us the commission frankly leaned far toward the latter interpretation and consequent slower method. . . .
>
> Hence the obvious importance of proportional representation and referendum by petition for getting eventual concrete value out of the proposed charter as drafted.

The day before, in describing the new charter editorially, the *World-Telegram* had said:

> Aldermen are abolished. In their place is set up a smaller elected council—which, it seems to us, Tammany could control as well as ever unless voters approve proportional representation, which will be submitted to them as a separate question.

On the same day the *Herald-Tribune* said:

> The reformed aldermen or council would be given a greater responsibility, but one still restricted, so that many who might distrust a complete proportional representation system may well be tempted to try, simply as an experiment, the "P. R." alternative offered here for the election of the councilmen.

The *American* and the *Post* were on record as strongly favorable to P. R. before the charter proposals were announced. The *American* outlined its ideas as to charter revision on December 21, 1935, as follows:

> The most sensible and practicable reform is the Cincinnati plan—a single chamber legislature, elected by proportional representation, abolition of borough government with borough representation in the legislature, and civil service in every field of the local government.

The *Post* had two strong editorials in support of P. R. on March 2 and July 7 of last year. In the latter of these it referred to P. R. as the "one bulwark against complete Tammany dictatorship."

The weekly *Nation* of May 6, 1936, says:

> The new charter, as presented by Chairman Thacher and his colleagues, is a sober, conservative, middle-of-the-road plan,

the main feature of which is the substitution of a city council of twenty-nine members[1] for the thoroughly discredited board of aldermen. . . . The success of the city council plan, of course, depends largely on the adoption of proportional representation, which with the new charter will be voted on next November. For without proportional representation, a determined Tammany would probably find it not much harder to elect twenty-nine councilmen than sixty-five aldermen. And New York will find itself, if it adopts the charter without changing the mode of selecting candidates, with a more orderly arrangement of the same sort of government it now has, subject to the same irresponsible controls and the hazards of machine politics.

*

New York Senate Again Approves Optional P. R. for Counties.—Along with two other general bills to provide optional forms of county government for New York counties outside New York City, the New York senate on April 28 passed unanimously a bill by Senator Thomas C. Desmond of Newburgh, independent Republican, which included the right to adopt proportional representation for county boards of supervisors by petition and popular vote in connection with any one of the four optional forms of government set up in the bill. A bill by Senator Desmond containing this option passed the senate last year also, though with some opposition, and was killed in the rules committee in the assembly.

This year's bill was sponsored in the assembly by Assemblyman Lee B. Mailler, Republican, who like Senator Desmond represents Orange County. In spite of its Republican sponsorship, it was killed by the Republican leaders in the assembly committee on rules after it had passed the Democratic senate. The Democratic leader in the assembly moved to discharge the committee from further consideration of the bill and was supported in his motion by all the Democratic members. The Republicans defeated the motion in order to support their leaders who had made the decision, though it is known that many of them would have supported the bill if it had come to a vote on its merits. The Buckley-Reoux bill introduced for the New York State Commission for the Revision of the Tax Laws (Mastick Commission) met the same fate and only the Fearon-Parsons bill, the least comprehensive of the three, passed both houses.

The Desmond-Mailler bill received wide popular support, much of which was based on its inclusion of P. R., and was urged on the legislature as the best of the three bills by the taxpayers' associations of Nassau, Ulster, and Greene Counties; the Bureau of Municipal Research, the Taxpayers' Association, the Chamber of Commerce, and the Charter League of Schenectady; the Women's City and County Club of Poughkeepsie; the Merchants' Association and the Citizens Union of New York; the State Association of Professional Engineers, the Olean *Herald,* and the New York *American.* It was favored along with the Mastick Commission bill by the state League of Women Voters, the board of supervisors of Schenectady County, the Schenectady *Gazette,* and the Brooklyn *Eagle.* The groups favoring the Desmond-Mailler bill are continuing their efforts and will attempt again to pass it at the next session.

A general account of the three optional county government bills will be found on page 372.

*

National League of Women Voters Endorses P. R.—At its recent annual convention in Cincinnati the National League of Women Voters adopted as one of the League's continuing responsibilities, for support when necessary, "The municipal manager plan, preferably with council elected by proportional representation." P. R. has been on the national study program of the League and has been supported by local leagues of women voters nearly everywhere that it has been an issue before the voters, but this is the first time that it has found a place in the League's national active program.

---

[1] If P. R. is adopted the number will not be fixed but will be determined each time by the size of the valid vote cast, one member for each 75,000 votes in each of the borough-wide districts, with one additional for a remainder of over 50,000. On this basis the vote last fall would have resulted in a council of twenty-three—eight from Brooklyn, six from Manhattan, four from Queens, four from the Bronx, and one from Richmond (Staten Island). The present apportionment of aldermen, obviously inequitable on any basis, is Brooklyn twenty-four, Manhattan twenty-four, Queens six, Bronx eight, Richmond three.

P. R.-Manager Majorities in Cuyahoga County.—Official figures recently received from the Cuyahoga County (Ohio) board of elections show that the P. R.-manager plan county charter which the Ohio supreme court recently held not to have been properly adopted last fall received favorable majorities not only in the city of Cleveland but in several of the principal suburbs. In those large suburbs which did not approve the charter the adverse majorities were small. Here are the figures:

Municipality	For	Against	Majority For (+) Majority Against (—)
Cleveland	125,930	106,999	+18,931
Cleveland Heights	7,226	3,501	+ 3,725
Shaker Heights	4,082	1,465	+ 2,617
East Cleveland	5,217	3,134	+ 2,083
Euclid	2,430	2,329	+ 101
Garfield Heights	2,269	2,533	— 264
Parma	1,814	2,263	— 449
Lakewood	8,136	8,787	— 651

*

Greece Goes Back to P. R.—According to press dispatches the Greek Parliament on April 29 passed a new electoral law prescribing proportional representation for future parliamentary elections. Greece has already had some experience with a party list system of P. R.,[2] but with the swiftly changing fortunes of democratic institutions in that country it had been temporarily abandoned.

TAXATION AND FINANCE

Edited by Wade S. Smith

High Court Voids Sumners-Wilcox Municipal Debt Act.—As we go to press, word comes from Washington that the Supreme Court, by a five to four decision, declared unconstitutional the Sumners-Wilcox municipal debt adjustment act adopted in 1934 to permit cities to throw their debt readjustment programs into the federal courts. The case came on writ of certiorari from the Fifth Circuit Court of Appeals, which had reversed an opinion of the Southern District Federal Court in Texas holding the law unconstitutional in an action brought by minority bondholders of the Cameron County (Texas) Water Improvement District No. 1. The act was held to violate states' rights, Justices Cardozo, Brandeis, Stone, and Chief Justice Hughes dissenting. The act had recently been extended until 1940 by congressional action. The decision will be reviewed by this department in detail next month.

*

Trends in Valuations of Urban Taxable Property—1929-1935.—From the summary of a report by this title, prepared by J. L. Jacobs and Company, public administration and finance consultants, the following comment is reproduced:

"Changes in the adjusted full valuations of property assessed for tax purposes in all American cities of over 100,000 population averaged a decline of 30.4 per cent from the peak valuations to the lowest valuations during the seven-year period from 1929 to 1935 inclusive. The average decrease from the peak to the lowest adjusted assessed valuations in the cities of over 500,000 population during this period was 30.2 per cent. In the cities of 300,000-500,000 population, the average decline was 23.7 per cent. In the cities of 100,000-300,000, the fall in the adjusted assessed valuations was 33.8 per cent during the same period.

"The trend of declines in the adjusted assessed valuations of urban taxable property lagged from two to three years after the economic collapse in 1929, but the decreases have continued to mount each year to 1935 in most of the 93 cities of over 100,000 population.

"In these cities, the peak adjusted property valuations during the seven-year period occurred in 1929 in only 22 cities. The peak valuations in the other 71 cities occurred as follows: 29 cities in 1930 and an additional 29 in 1931, while the other 13 cities had their peak assessments as late as 1932 and 1933.

"In 8 of the 93 cities, the lowest adjusted valuations of assessed properties occurred prior to 1933, while the adjusted valuations in the other 85 cities have continued to decrease each year, the lowest adjusted valuations occurring in 11 cities during 1933, in 14 cities during 1934, and in the remaining 60 cities during 1935.

---

[2] See *Proportional Representation Review* for January 1927 and July 1929 and NATIONAL MUNICIPAL REVIEW for June 1932, January 1933, and September 1933.

"The variations in per cent changes in the total adjusted valuations of assessed properties in the cities covered in this study are brought out by comparison of the percentage decreases from the peak to the lowest assessments in each of the city population groups and in the respective cities.

"The median per cent decline from the peak to the lowest assessments are the highest in the cities of over 500,000 with the figures at 33.8 per cent. The cities of 300,000-500,000 population had the lowest median per cent decline with the figure at 21 per cent. The average weighted per cent decline from the peak to the lowest assessments are 23.7 per cent for cities of 300,000-500,000 population, and 30.2 per cent in cities of over 500,000 population, and 33.9 per cent in cities of 100,000-300,000 population.

"The maximum deflation in assessments of urban taxable property since the collapse in 1929 was registered during the years 1932 and 1933. Such property assessments have continued to decrease in lesser degree in most of the principal cities during the years 1934 and 1935.

"The highest per cent decreases in property assessments in the cities of over 500,000 population and in the cities of from 100,000 to 300,000 population occurred during the years 1932 and 1933. The decreases in the cities of from 300,000 to 500,000 population were not as drastic in these years but were increasingly higher in 1935 than the decreases in the other two city population groups.

"With the relatively low ratio that personal property constitutes of the total assessed valuation of all property assessed under the property tax—the ratio being slightly less than 20 per cent of all assessed properties in the United States—the general deflationary course in total assessments of urban taxable property has actually reflected the decreases in real estate assessments.

"The larger percentage of real estate sales since 1930 have been distress or forced sales. The small number of normal sales and the wide variations in local conditions—in changes in real estate values, rentals, construction costs, etc., as well as in tax assessment methods—therefore preclude accurate measurement between the declines in real estate sales values and the real estate assessments in the different cities.

"Comparison of available data shows that while the property tax extensions have been substantially lowered during the past six years particularly in such cities where the tax rates have not been raised in proportion to the declines in the assessed valuations, the average ratio of general property taxes to real estate values has increased since 1929.

"The wide variations in the changes in property assessments in the larger cities reflect the lack of adequate standards of reporting and publicity on property tax assessments and the confused administration of the property tax in many jurisdictions. The character of these varies in different localities as do the major causes of confused and ineffectual administration. The defects found are not peculiar to any locality or any political administration. The extent and character of such defects vary according as there has been determination of sound administrative policies and methods and as effective organization has been provided to carry out such policies and to apply such methods.

"However notable the changes that have taken place in property tax administration, these trend pictures supplemented with the findings in other tax administration studies point to the urgent need for progressive improvements in property tax valuation, allocation and debasement practices and definite standards of reporting results of such administration. Such improvements must be pressed if taxation is to be more equitably distributed, if the tax burden on real property is to be reduced, if public confidence is to be restored, and if the credit and orderly functioning of local governments are to be re-established."

*

Guides for Approaching Conflicting Taxation Problems.—Four proposals of the Interstate Commission on Conflicting Taxation were recently reviewed by the New York State Tax Commission, in its annual report. They were:

1. Centralization: Complete federal administration of certain taxes, coupled with federal grants-in-aid to the states, or with distribution of a percentage of the revenue to

the states, or with supplemental levies by the states;

2. Federal credits: In cases where both the federal government and the states impose similar taxes, amounts paid as state taxes would be allowed as offsets against the federal tax bill, up to a specified percentage;

3. Segregation: A complete or partial division of the tax field through the assignment of certain types of taxes exclusively to the federal government and others to the states;

4. Intergovernmental comity: Coöperation effected through interstate reciprocity, promotion of uniform state laws and administrative methods, and interstate agreements and compacts.

*

North Carolina Collections Up.—Total tax collections of 50 cities and 50 counties in North Carolina, analyzed recently by J. L. Peeler for the Institute of Government's *Popular Government*, show encouraging betterment over the 1934 position.

Improvement in the counties was most consistent, in spite of average increases in the 1935 tax levy. The survey shows that for the 50 counties, the average percentage of 1935-36 taxes collected as of December 31, 1935, was 45.1 per cent as compared to 41.3 per cent of the 1934-35 taxes collected as of December 31, 1934. The ratio of current and delinquent taxes uncollected as of December 31, 1935, to the 1935-36 levy was 121 per cent, as compared with 130 per cent for corresponding current and accumulated delinquencies collected at the corresponding date for the previous year.

In the study 19 small towns showed little change from the previous year. Sixteen municipalities with a population range from 2,500 to 10,000 raised their collections for 1935-36 taxes collected as of December 31, 1935, to 45 per cent as compared with 40.5 per cent for the previous year at the corresponding date. Cities of 10,000-30,000 population lost ground in 1935 on current collections, but the loss was more than made up by collection of arrearages. As of December 31 in each year, these cities dropped from an average collection of 55.1 per cent for 1934 to 52.6 per cent for 1935, but the ratio of current and delinquent collections to the current levy decreased from 108 per cent for 1934 to 95.5 per cent for 1935. The cities above 30,000 population increased from an average collection of 55.4 per cent in 1934 to 57.6 for 1935, with the ratio of current and delinquent collections to the current collections decreasing from 86.4 per cent to 84.1 per cent.

*

Florida Tax Collections Improve.—From Florida come reports of improvement in current tax collections, Miami reporting 76.58 per cent collections as compared with 69.35 a year ago. Miami is also moving for prompt foreclosure on 35,000 delinquent parcels.

The HOLC reported that of thirty millions of home loans in Florida, delinquent tax payments of $3,042,000 were made. The taxes are estimated to average from five to six years delinquencies, but of course were settled at a discount under Florida's delinquent tax compromise arrangements.

Total delinquent tax payments from loans to home owners by the HOLC are put by the corporation at $224,981,000 in a recent release. This represents about 7.4 per cent of the total amount loaned—and in many communities the amount of the HOLC tax money has just about equalled the "improvement" in payment of tax arrearages.

*

An unusual contest to promote tax collections is reported from Lakewood, N. J., where 215 posters were prepared by school children to depict reasons why taxes should be paid.

*

Revenue losses varying from 6.67 per cent in very populous counties to 37.7 per cent in less populous ones are indicated in a recent study of homestead exemption proposals for Alabama, made by the University of Alabama. The proposal would exempt $2,000 in full value or $1,200 in assessed value on homesteads.

*

The social credit government of Alberta, Canada, is thinking of refunding outstanding bonds, as they mature, with "perpetual' bonds at 3 per cent interest to run not less than thirty-five years before redemption. A shorter period of refinancing would necessitate frequent refunding, governmental authorities plead. The province's debt is $160,000,000—half would be perpetuated!

Two years after its first appearance, a revised edition of Public Administration Service's *Property Tax Limitation Laws* finds tax limitations getting worser and worser! Nothing has happened to make the outlook for such efforts look any rosier, and experience keeps on demonstrating new difficulties, say the symposium's twenty-four authorities.

*

Norfolk, Virginia, joins the caravan of cities adopting business methods in charging its citizens for municipal services. It recently inaugurated a quarterly tax collection system, with resultant convenience and economy to the taxpayer and lessening of short-term borrowing by the city.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Wisconsin Taxpayers Alliance.—Since adjournment of the Wisconsin legislature in September 1935, the Wisconsin Taxpayers Alliance has devoted most of its efforts to supplying taxpayers and citizens with information about ways and means by which their government may be improved. This information is imparted through the pages of its semimonthly publication, the *Wisconsin Taxpayer;* through radio addresses delivered over seven local Wisconsin stations, and through public addresses by the executive director, Paul N. Reynolds.

Special studies have been published in the *Taxpayer* dealing with county problems, county zoning, motor taxes, and city manager government.

Wisconsin counties are burdened with a large number of mandatory or fixed expenditures which state law requires them to make. In the average 1934 county budget, nearly one-half of the county property taxes were required to meet specific expenses over which the county board of supervisors had little or no control.

In addition to the publication of material relating to county budget problems, a special "county board supplement" was sent to all county officials outlining new county laws enacted by the 1935 legislature and explaining the procedures which county officials must employ under the new state old-age pension, mothers' pension, and blind pension systems.

Over five million acres of rural land in twenty northern Wisconsin counties had been placed in restricted land use areas by county zoning ordinances by November, 1935. Other counties are now studying zoning ordinances. The Wisconsin law enables counties to divide rural lands into forestry districts, recreation districts, and unrestricted districts. It is hoped that zoning ordinances will do much to eliminate needless government expenditures for roads and schools in sparsely settled areas and to help solve the problem of tax delinquency in northern Wisconsin.

A study of motor taxes and state highway aids released by the Alliance in January indicates that fifteen counties in the state pay more gas taxes and motor vehicle license fees for state aid purposes than are returned to them in the form of aids, while fifty-six counties receive more highway aids than they pay into the state treasury for aid purposes. The Alliance pointed to the fact that no adequate records were kept of how the highway aid moneys were spent.

Seven cities and one village in Wisconsin now operate under the city manager plan of government. No Wisconsin city has ever abolished the plan once it has been adopted. Several counties are now considering the plan. "The city manager plan of government is not a sure way to lower taxes," the Alliance report stated, "but it may pave the way toward reduced city expenditures through more efficient spending of taxpayers' funds."

The Alliance is strictly a research organization, has no legislative program, and its publications and reports give taxpayers all phases of each question or subject treated.

Two new series of articles have been started in the *Taxpayer*—one dealing with expenditure control, and the other with a detailed analysis of the duties and finances of various state departments.

A 48-page summary of 1935 Wisconsin laws was published by the Alliance in January. The main points of the 556 laws passed by the 1935 legislature were summarized and conveniently indexed in this booklet for the use of taxpayers and public officials.

Worcester Taxpayers Association.—The Worcester Taxpayers Association since 1931 has contributed to the saving of probably $5,000,000 to the taxpayers of Worcester. In making this statement, we are not claiming sole credit for any such saving. But we estimate conservatively that, without the aggressive work which we have performed, at least this amount would have been spent, in addition to the sums which actually were spent by the city.

The close of the year 1935 saw the Taxpayers Association established as a definite force for good government at the lowest possible cost in Worcester. Started as an experiment in 1931, the organization has grown steadily, and has seen the development of similar groups in more than two hundred other Massachusetts communities. These non-partisan citizen organizations are now functioning as a powerful force to protect the taxpayers of the commonwealth through the Massachusetts Federation of Taxpayers Associations. In the development of the state-wide movement, the Worcester association has been and still is a leader.

In Worcester our 1935 work climaxed with one of our most satisfying accomplishments—the defeat of fourteen unnecessary police department appointments made by the outgoing mayor, with a permanent annual saving to the taxpayers of $30,000. By newspaper and radio publicity, we so directed public opinion on a board of aldermen previously pledged to confirm the appointments that they were rejected by a 6-4 vote.

During the early part of 1935 we concentrated all our energy on the city budget. Late in 1934, we warned that the city was facing a tax rate of more than $40. We offered figures to support our claims. The submission of the mayor's budget marked only the beginning of our effort for economy. We made the most militant campaign in the history of the city to compel the city council to reduce the budget. We enlisted the support of other organizations and of thousands of taxpayers. By use of the radio, mass meetings, newspaper publicity, and advertising, we aroused a widespread demand for a substantial budget cut and impressed upon the public what the threatened tax would mean to every industry and resident of Worcester.

The council finally reduced the budget by only twenty cents on the tax rate. The tax rate went up. But this time those in power at city hall could not deceive the taxpayers by the usual explanation that they would have kept expenses down had they known the seriousness of the situation. The people of Worcester knew in 1935 that their taxes were increased because their cumbersome and antiquated city government was unable to meet the urgent demands of the crisis. In impressing this fact clearly upon the public mind, the Taxpayers Association feels that its efforts were a success even though the immediate object—the reduction of 1935 city expenses—was not secured.

We have on many occasions coöperated with city officials to bring about changes for the benefit of the taxpayers. In these instances, it is impossible for us to claim credit for results. We would point out, however, that the new cost accounting and inventory system which we advocated and saw installed in 1935 brought substantial savings in several departments and can be of increasing advantage in reducing costs if properly used by department heads.

In the 1935 city election the results of our budget drive were very apparent as the candidates of both parties strove to outdo each other in stressing their interest in the taxpayer, the home owner, and the industries of Worcester. In our opinion, this proved that the public had absorbed much of the factual information which we disseminated early in the year, and it was impressed upon political aspirants that the path to success at the polls was along the line of pledging economy during the campaign.

The welfare and relief work problem continued to be a difficult one for Worcester in 1935. Our 1935 city outlays for these purposes were nearly $3,000,000—equivalent to $10 on the tax rate and ten times the cost of relief at the beginning of the depression. Between 25,000 and 30,000 citizens of the city have been dependent on public aid in recent months. The seriousness of this situation is puzzling the best brains of the state and the nation. Only by cutting other city expenses to the bone and postponing all unnecessary proposals can Worcester and other cities continue to bear this load and not completely bankrupt the taxpayers.

In 1935, the mayor submitted to the council a long list of proposed PWA projects, to cost more than $10,000,000. To forestall these proposals, we found it sufficient to analyze the city's debt and financial situation and to show that every dollar borrowed by the city would be reflected directly in higher taxes in 1936, while the maintenance of these new buildings and other projects would impose a large permanent cost on the local taxpayers. The result has been that only a few minor projects met final approval, and the balance of the mayor's program was buried in committee. In our opinion, the program approved would have been substantially larger except for our opposition.

In former reports, we cited our work in securing a federal grant of 100 per cent for construction of the Cambridge street bridge, with the city paying only land damages. This money came to Worcester as a result of the state-wide protest which we aroused in 1933 against plans to use an entire federal highway grant in and around Boston. The bridge was completed in 1935. That year also saw Worcester for the first time complete a so-called chapter 90 street project. Under this plan, the state contributes 50 per cent, the county 25 per cent of the cost of paving main arteries in cities and towns. In 1933 we investigated the failure of Worcester to share in this program and found that it was entirely due to the city's neglect to apply for state and county funds. As a result of our demands, the city government applied for and received funds to carry out one such project in 1935. In 1936, further work under chapter 90 is planned.

At this time, we can report a substantially increased membership in the association. We now have 11,465 associated members in every ward in the city, and 271 sustaining members.

John H. Mahoney, *Executive Director*

*

Schenectady Bureau of Municipal Research.— A recent bulletin of the Bureau deals with the operation of the city under the new charter providing for a city manager. The Bureau reports that many citizens are already critical of and discouraged by the events of the past few months. It appears that contrary to the spirit and letter of the law the manager has not had a free hand in the making of his appointments and that some members of the council have injected themselves into the purely administrative affairs of the city over the head of the city manager.

With reference to the council's interference with appointments, the Bureau reports that before a city manager was appointed, a slate of appointments was drawn up by some members of the council. A manager was then tentatively appointed and a public announcement of his appointment made. But this man refused to accept the slate and he was then rejected by a four to three vote of the council. Another manager was then selected. It is understood that appointments to the smaller positions in the city have been cleared through the office of the corporation counsel and not through the manager, his department heads, or the civil service commission.

In the Bureau's opinion neither the new council nor the manager have realized the extent to which these practices violate both the spirit of the manager charter and actual practice under manager charters in other cities throughout the country. Old concepts of patronage distribution were carried over into the new set-up.

The Bureau commends the city for three good appointments and the abolition of one sinecure. But it points out that Schenectady does not yet have manager government and that criticism should be directed not at the plan or the charter, but at the elected officials who have failed to live up to the principles of the new charter.

The Bureau has recently established a committee to consider state laws which affect local government.

Morgan Strong, member of the staff of the Bureau, has accepted a position with the Regents Inquiry into the Character and Costs of Education in New York State.

*

Harvard University Bureau for Street Traffic Research.— The annual report of the Bureau issued April 1 summarizes the history of the Bureau since its founding ten years ago. During this period the Bureau has worked with many large cities studying their traffic problems and recommending solutions. These cities include Los Angeles, San Francisco, Chicago, New Orleans, Kansas City, Boston, New York, and Washington, D. C.

The Bureau has offered fellowships to persons desiring special training in traffic engineering and many graduates of the Bureau's training course are now holding official positions in the traffic field. This year the training program has been greatly enlarged. Fifteen fellowships carrying stipends of $1200 are now offered by the Bureau. More than 349 persons applied for these positions, applications coming from forty-four states.

Two major research projects are under way at the Bureau at the present time. One deals with the control of drivers by motor vehicle departments. This study is directed by Dr. Harry R. De Silva and Wilfred Brown. The American Conference of Motor Vehicle Administrators is coöperating in this study. The other deals with traffic law enforcement, and is directed by O. W. Wilson, chief of police of Wichita, Kansas, who secured a leave of absence to accept this assignment. Lieutenant Franklin M. Kreml of the Evanston, Illinois, police department, is collaborating with Chief Wilson on this undertaking.

The Bureau is now coöperating with numerous state and regional police associations in the conduct of training schools for traffic officers.

*

Citizens' Bureau of Milwaukee.—The Citizens' Bureau works to promote efficiency and economy in the $65,000,000 annual expenditure of the ninety-three local governments operating in Milwaukee County. On the Citizens' Bureau's own initiative or at the request of a public authority, objective studies of various phases of governmental activity are made and submitted with recommendations to the authority concerned. More than one hundred cities, counties, companies, and individuals contribute to the maintenance of the Citizens' Bureau. An executive committee of five members selected by the board of trustees meets each week to give their time and thought to the direction of the work of a full-time staff.

During the past year the Bureau was successful in achieving a number of important objectives. A timely survey caused the abandonment of a proposal to build a $350,000 city hall annex and a $300,000 municipal garage. The Citizens' Bureau report indicated to the public that the county's new $8,000,000 court house was being used only two-thirds of capacity, and could accommodate city departments now somewhat cramped for room.

During the year the county park commission was convinced of the necessity of placing park employees under civil service regulation, and as of January 1, 1936, all county park employees were placed under the jurisdiction of the county civil service commission.

The Citizens' Bureau, in coöperation with the county auditor, secured an order from the Wisconsin Industrial Commission, reducing by about $500,000 local taxation for relief purposes.

At the regular session of the state legislature an enabling act was passed permitting the transfer to the county of services now performed by towns, cities, and villages. However, the legislature failed to pass bills designed to merge the offices of alderman and county supervisor and a proposed constitutional amendment to permit city-county consolidation was defeated. The Citizens' Bureau has estimated that a complete city-county consolidation would make possible a saving of from five million to seven million dollars annually.

A member of the staff of the Citizens' Bureau supervised the work of a WERA staff and acted as executive secretary to the joint committee on consolidation. Fourteen reports were prepared for this joint committee, recommending administrative savings totaling one million dollars annually. In April of this year a referendum on the question of transferring the administration of the city parks to the county park board was held, and the voters approved this transfer. The Citizens' Bureau estimates that a $200,000 annual saving should be the result of this move.

In preparing the 1936 budget, the county ignored the fact that the collection of delinquent taxes to the extent of some $2,000,000 could be safely anticipated. The Citizen's Bureau brought this situation to the attention of the officials and the public and the current tax levy was correspondingly reduced.

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Theories of International Relations. By Frank M. Russell. New York, D. Appleton-Century Company, 1936. 651 pp. $4.00.

That men have always been warlike is accepted as a truism. That pacifist thought and doctrine may be traced far back into antiquity is less known. It may be discouraging evidence of progress that in the fifth century B.C. Mo Ti, a Chinese philosopher, was opposing war vigorously both from moral and economic grounds. War, he pointed out, was an uneconomic enterprise of profit to neither invader nor invaded.

Or further back than that — Dr. Russell in his absorbing survey of significant ideas that men have entertained concerning international relations through the centuries, calls attention to the fact that primitive warfare consisted more in shouting than in fighting. In some cases no blood was shed at all; in some instances fighting was confined to individuals selected from the opposing tribes. Or, as soon as some one on either side was wounded or killed, the fighting would cease.

Even the primitive peoples followed rules and imposed restrictions in the conduct of war, following the practice of notifying the enemy before attack, determining on time to elapse before the beginning of hostilities, forbidding the use of poisoned weapons, respecting flags of truce, and sparing women and children.

From primitive man, following through the civilizations of China, India, Greece, Rome, and medieval Europe, Dr. Russell traces evidences of international political thought. These in the light of recent political events are exceptionally interesting. Was it Machiavelli who held that conquest of a weaker state is wrong only when conquest is unsuccessful and that the proper treatment of a conquered people accustomed to liberty is destruction or colonization? It would not be too difficult to attribute these precepts to a national leader of today. We encounter, too, modern thought strangely reminiscent of Bacon the imperialist and Erasmus the internationalist and idealist. Sir Thomas More who considered warfare between nations as "beastly" but not always avoidable could claim followers in modern camps.

The period since the world war has brought a host of new theories and problems of international relations. Outlawry of war, treatment of national minorities, international control of backward areas, disarmament, continentalism, regionalism, fascism, socialism, communism, and international organization are among the topics surveyed and which lend perspective to a clear view of contemporary relationships between nations. Dr. Russell's impartial and comprehensive analysis is a major contribution toward an understanding of the influences which are making for and standing in the way of successful international government.

*

Plain Talk. By John W. Studebaker. Washington, National Home Library Foundation, 1936. 166 pp. 25 cents.

Dr. Studebaker has a practical plan for the preservation of democracy — the creation and continuous operation, for adults as well as children, of "means by which all may become informed and active participants in carrying the responsibilities of self-government." His part in the establishment of the public forum in Des Moines when he was superintendent of schools there is well known. As United States commissioner of education he has seen his idea extended until he is now directing a federal educational project which will establish ten public forum demonstration centers in as many states.

This little book explains his ideas of what a public forum should be and its potentialities. Public forums, he believes, should be operated as an integral part of our system of public education with their management delegated to the federal, state, and local agencies of education and supported through taxation. The highest professional talent available should be sought, leaders who should be well paid. The forums should be so placed and managed that they would be readily available to all of the youth and adults in every community, of all political affiliations, creeds, and economic views.

The forum is more than a schedule of lectures. It is a place where people give and take of ideas under skilled leadership. As often as possible the panel method of discussion should be used. "Along the way of mass education," concludes Dr. Studebaker, "lies the way to peace, freedom, and security."

*

Regional Planning. By Karl B. Lohmann. Ann Arbor, Edwards Brothers, Inc., 1936. 143 pp. lithoprinted, $4.00.

Planning in terms of natural, complete areas has been brought sharply to public attention in this country within a recent period with the federal proposals for large regional studies in the nation, metropolis, county, and state. An effort is being made to "recognize complete areas of similar environment and culture, of common purpose, character, and usefulness" and to "plan these human-use units to serve more effectively as centers of production, distribution, health, prosperity, and happiness."

The author, who is professor of landscape architecture at the University of Illinois, has brought together descriptions of the work of the many regional planning groups and emphasized the need for planning agencies in which many may contribute their knowledge and understanding. The geologist, geographer, climatologist, agriculturist, forester, sociologist, political scientist, lawyer, engineer, landscape engineer, architect, and other artists all have important contributions with the regional planner as master coördinator.

An excellent bibliography follows each chapter. The book has been prepared particularly for the use of college students.

*

The Municipal Year Book 1936. Edited by Clarence E. Ridley and Orin F. Nolting. Chicago, International City Managers' Association, 1936. 475 pp. $4.00.

The pattern of the third edition of this year book which has become a "must" in the municipal administrator's desk library, is similar to the previous editions but much material has been added. A new section on municipal finance gives an analysis of trends in municipal debt, indicating the growth of debt, purposes for which debt is incurred, bond sales, interest rates, and other information for the period 1916-1936. State limits on local debt and on tax levies, state administrative supervision over taxes, accounting, debt, and budgets, state-administered locally-shared revenues, and federal grants-in-aid are treated.

Another added feature is a list of model municipal ordinances. In line with the recently intensified interest in municipal personnel, more than a hundred pages have been devoted to this topic. For each of 746 cities over 10,000 population the number of employees, number of appointments in 1935, number of separations, and personnel agencies are given. The extent to which eleven groups of municipal officials have been professionalized is discussed and there is a directory of thirteen chief officials in all cities having more than 10,000 inhabitants.

Professor John M. Gaus of the University of Wisconsin, summing the analyses and interpretation of events and developments in 1935 in municipal administration made by twenty-three authorities, points to an improved financial position of the cities in general, increased attention given to personnel administration, and some extension of the merit system. No startling changes in administrative organization took place. The problem of planning and administration acquired sharper definition. Public opinion continues to lag behind the advance of administrators and their technical advisors.

City planning must be built into the work of every department and integrated with the financial program, Professor Gaus maintains. And citizens must be kept informed and an attempt made to win their understanding. The municipal official already has his hands full, it is admitted, but so important to the progress of the community is this education of the public that he should consider it one of his major tasks.

*

The Exemption of Homesteads from Taxation. By Civic Research Institute. Kansas City, 1935. 31 pp. mimeo.

Eight states have adopted homestead exemption laws and two will vote on proposals for such laws this year. Following a summary of the provisions of these laws and a discussion of their advantages and disadvantages, this study presents the application of homestead exemption in Missouri.

A homestead exemption of $1500, it is concluded, would result in a loss of from 6 to 70 per cent of the total city tax revenues. The smaller, poorer city and county governments would relatively lose the most revenue. In some of the poorer school districts the exemption would take practically all of the tax revenue. The consideration of replacement revenue, it is urged, should be a primary consideration of any legislature considering homestead exemption.

*

Housing Officials' Yearbook, 1936. Edited by Coleman Woodbury. Chicago, National Association of Housing Officials, 1936. 244 pp. $2.00.

In its yearbook—this is the second that has been issued—the National Association of Housing Officials is performing a valuable service by measuring the progress in this field at twelve-month intervals. The work of the federal housing agencies, state and regional agencies, official and semi-official, and also unofficial housing agencies, are summed up for the year. While 1935 produced much that was discouraging, more good housing was produced than in the preceding two years. Housing officials foresee a long, hard pull after the initial period of general enthusiasm.

Among the important current problems in housing, the subject of special articles, are those on public relations of housing agencies, the use of eminent domain for housing purposes, prefabricated construction of housing, and training for housing management. A section is devoted to housing in England which from its longer experience has much to contribute to our agencies.

Report of the Committee on Governmental Simplification. Los Angeles, 1935. 219 pp. mimeo. Apply to the Committee.

This report represents one of the most thorough studies on local government made by a committee of citizens. After working two and a half years the committee of forty has submitted its recommendations with a surprisingly small minority disagreement.

Los Angeles County is practically co-terminous with the Los Angeles metropolitan area so that making the county the administrative unit would provide a central authority for the latter. The 450 operating and taxing units now within this area have common objectives such as police protection, health protection, education, recreation, sanitation, and protection against floods. That such functions should be commonly administered and that the county is the logical unit for their administration were conclusions of the committee. Believing that the present county organization, however, is not designed or equipped to deal with the type of modern governmental problems in need of metropolitan attention, the committee suggests the adaptation of the existing county government to the new necessities.

The committee recommends that the county be governed by a legislative body of fifteen members with a county manager appointed by this board of supervisors. Adequate staff agencies should be provided to assist the county manager. Other recommendations include the short ballot, integrated financial administration, the independent audit, the coördination of personnel management, a grouping of administrative services of the county into departments according to their major purpose or function, an administrative code and adequate reporting of governmental activities to the citizens.

*

Regional Factors in National Planning and Development. By the National Resources Committee. Washington, D. C., Superintendent of Documents, 1935. 223 pp., paper cover, 50 cents.

Dr. W. Y. Elliott of Harvard suggested that we have a United Regions of America rather than a United States and others, too, have thought a division of the country into regions the best plan for effective administration. Were we to attempt to carry out the suggestion there would be undoubtedly wide disagreement as to the boundaries of the regions. To facilitate administration United States agencies now use field districts involving 108 different arrangements with as high as 73 agencies in some centers. One of the recommendations of the National Resources Committee appointed by the President to study those problems of planning and development which overlap state lines or which require the use of combined federal and state powers, is that these field districts be grouped so as to establish ten or twelve unified agencies of the United States.

Among the other recommendations of the committee are the continued support of state planning boards with the suggestion that they be established in those states which do not have them. Supplementing them regional planning commissions like those set up in the Pacific Northwest and in New England should be encouraged. Interstate compacts as a means of solving regional problems are advocated. For dealing with types of subnational problems advantages are seen in federal authorities of a regional-functional nature such as the TVA. The committee also recommends the establishment of a permanent advisory national planning board and a permanent national development administration to carry out the board's plans.

*

Regulation of Public Utilities in New Jersey. By M. C. Waltersdorf. Waverly Press Inc., 1936. 225 pp. $2.50.

A description of the development of the present system of control of public utilities in New Jersey and a careful analysis of the problems confronting public utility regulation lead to an appraisal of its effectiveness. Suggestions are made relative to ways in which the present powers and methods of procedure might be strengthened. The chief essential, the author concludes, is a commission equipped with highly competent, progressive, and public-minded administrative leaders and a well equipped staff. With such personnel few changes are needed in the regulatory statutes.

*

Motor Vehicle Legislation, The 1935 Trend. By National Highway Users Conference. Washington, D. C. 12 pp. Apply to the Conference.

When legislators meet to consider taxes, their thoughts turn to the automobile. There are questions, too, of how to regulate the use of motor vehicles and how to make the highways safer. State legislatures in 1935 enacted into law more than 1200 bills pertaining to highways and highway use. This study classifies them and describes their provisions briefly.

Among the trends noted are a diversion of gasoline taxes and motor vehicle imposts to other than highway purposes, an increase in gasoline taxes, a general increase in all taxes affecting motor vehicles and highway users and a trend toward safety legislation and extension of restrictive carrier regulations.

*

Local Rates and Alternative Methods of Local Taxation. By W. H. Legh-Smith, London, Joint Committee of Students' Societies of the Institute of Municipal Treasurers and Accountants, 1936. 21 pp.

An excellent critical summary of the development of the local rating system is given in this pamphlet by the city treasurer of Liverpool who offers suggestions for its improvement. Particularly interesting is a discussion of the inequality of the rate burden in respect to national or semi-national services though the point might have been reinforced by a discussion of delinquency in rate payments. Some extension of the principle of nationally-collected, locally-shared taxes seems to be the answer.

*

Maine State Planning Board Report. 1934-1935. Augusta, 1936. 396 pp. mimeo. Apply to the Maine State Planning Board.

Coöperating with the National Resources Board and the New England Regional Planning Commission the Maine State Planning Board has compiled and correlated information bearing on the social, economic, recreational, and physical development of the state. This is the first report of the commission and is intended as a factual study to be used later in coördinated planning of all of the state's physical activities. The study is well illustrated with maps and charts.

NATIONAL MUNICIPAL REVIEW

JULY ✦ 1936

The Quest for Direct Relief Funds
L. LÁSZLÓ ECKER-R.

Probable Effects of Federal Land Purchase on Local Government
ROLAND R. RENNE

Rental Value as a Measure of Ability to Pay
THOMAS H. REED — L. R. CHUBB

Collegians Steal Legislators' Fire
MALCOLM L. WEBB

Redefining the Metropolitan Area
ALBERT LEPAWSKY

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.

VOLUME XXV, NO. 7 TOTAL NUMBER 241

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND A. EGGER
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis *First Vice President*
C. A. Dykstra, Cincinnati *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
L. Arnold Frye, New York
Robert M. Goodrich, Providence, R. I.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
David Hinshaw, Westtown, Pa.
Robert W. Johnson, Princeton, N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 7
TOTAL NO. 241

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR JULY

The League's Business .... *Howard P. Jones* 390

Editorial Comment .... *H. P. J.* 391

The Quest for Direct Relief Funds .... *L. László Ecker-R.* 393

Probable Effects of Federal Land Purchase on Local Government .... *Roland R. Renne* 401

Rental Value as a Measure of Ability to Pay { *Thomas H. Reed* *L. R. Chubb* 407

Collegians Steal Legislators' Fire .... *Malcolm L. Webb* 412

Redefining the Metropolitan Area .... *Albert Lepawsky* 417

News of the Month

Notes and Events .... *H. M. Olmsted* 423

County and Township Government ....*Paul W. Wager* 426

Taxation and Finance .... *Wade S. Smith* 428

Proportional Representation .... *George H. Hallett, Jr.* 432

Governmental Research Association Notes .. *Robert M. Paige* 434

Recent Books Reviewed .... *Geneva Seybold* 437

The contents of the National Municipal Review are indexed in the *Engineering Index Service,* the *Index to Legal Periodicals,* the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, JULY 1936

THE LEAGUE'S BUSINESS

Date Set for Convention.—The Annual Conference on Government of the National Municipal League will be held in Toledo, Ohio, Monday and Tuesday, November 16 and 17. Donovan F. Emch, of the Political Science Department of Toledo University, has been appointed secretary of the local committee on arrangements for the conference.

* * *

The League's New York State Committee Meets.—The New York State Committee of the League will hold an important conference on July 10 and 11 at Schenectady. Hon. Herbert H. Lehman, governor of New York, Hon. Charles Polette, counsel to Governor Lehman, and State Senator Thomas C. Desmond will be present and address the conference.

An attempt will be made to develop further coöperation between civic groups throughout the state on problems of state legislation. The committee's suggested legislative program is as follows: (1) A progressive optional county government bill, including power to adopt by petition and popular vote such improvements as proportional representation, the short ballot, the county manager plan in standard form, transfers of powers from one unit of government to another, and decrease in the number of separate units of government; (2) extension of city home rule; (3) power to amend the state constitution by large petition and popular vote; (4) machinery to insure clean elections; (5) congressional reapportionment; and (6) support of the constitutional convention, to be voted on this fall.

H. Abbett Pulliam, director of the Schenectady Bureau of Municipal Research, is in charge of local arrangements; George H. Hallett, Jr., associate secretary of the League and secretary of the Citizens Union, is chairman of the state committee.

* * *

Arnold Bennett Hall.—We must again report the death, on May 31, of an active member of the National Municipal League and of its council—Arnold Bennett Hall, Director of the Institute of Government Research of the Brookings Institution.

Dr. Hall was formerly professor of political science and associate professor of law at the University of Wisconsin; from 1926 to 1932 he was president of the University of Oregon; he was founder of the National Conference on the Science of Politics and also its chairman; president of the Social Science Research Conference of the Pacific Coast; American delegate to the Institute of Pacific Relations held at Honolulu in 1927, and a member of the executive committee of the American branch of that Institute; and a member of the Committee on Policy of the American Political Science Association. Dr. Hall was the author of numerous books on governmental subjects, including "Outline of International Law," "The Monroe Doctrine," "Dynamic Americanism," and "Popular Government," and editor of "Hall's Fishback on Elementary Law."

* * *

League Personalities.—*Dr. Harold W. Dodds,* president of Princeton University and of the League, sailed for Europe on June 24.

Hon. Murray Seasongood, former president of the League, addressed the Public Affairs Committee of Buffalo, New York, on June 18.

Dr. P. P. Womer, Chairman of the Citizens Council Board, is now in New England, securing financial support for the program of the National Federation of Citizens Councils. Dr. Womer is head of the Department of American Citizenship at Washburn College, Topeka.

HOWARD P. JONES, *Secretary*

Editorial
Comment
✣
July

NATIONAL
MUNICIPAL REVIEW

Vol. XXV, No. 7 Total No. 241

Another Wolf in Sheep's Clothing?

HOMESTEAD exemption laws are beginning to constitute almost as serious a threat to municipal finance as the epidemic of tax limitation laws that has been sweeping the country. Homestead exemption is, of course, a kind of tax limitation in that it provides for removal from the tax rolls of all homesteads having a value below a certain specified maximum.

A study is needed of the effect of such laws in states where the policy has been tried. Superficial examination would lead to the conclusion that such exemption was a most unsound fiscal policy. In St. Petersburg, Florida, for example, more than $15,000,000 worth of property was removed from a total tax roll of approximately $67,000,000 through the operation of the Florida homestead exemption law, according to a survey of St. Petersburg recently completed by the Consultant Service of the National Municipal League. An interesting survey of the probable effects of homestead exemption, issued not long ago by the Kansas City Civic Research Institute, revealed that in Missouri cities would lose from 6 to 70 per cent of their total city tax revenues, the larger cities being less affected than the smaller cities.

Aside from the very obvious difficulty of preventing large residential property owners from taking advantage of such a law through selling on long term contracts the houses they were previously renting, it may be questioned whether such subsidization of home ownership, unrelated to need, is sound. If the line were drawn at $5,000, for example, a man owning a home valued at slightly under $5,000, but owning an automobile would escape scot free, whereas the man who decided to have a better home instead of buying a car would have to pay. In the last analysis, if no replacement taxes are established, it shifts the burden to the remaining property owners and to the renters who as a class are even less prosperous than the modest home-owners. If replacement taxes are established, the small home-owner may be worse off than before, depending upon the type of replacement tax. Authorities are fairly well agreed, for example, that a sales tax would cost the small home-owner more than the real estate tax it would replace.

In our search for solutions to problems, it is well to be sure we do not create a more serious problem than the application of the presumed solution.

Industrial Disputes and City Government

THE appointment in Toledo of an Industrial Peace Commission leads to the query as to whether industrial relations are a matter with which municipal government may be effectively concerned. Neither industrial corporations nor unions of employees stop at state lines, much less at city boundaries. And since the primary job of municipal government is that of rendering important local services, hadn't it better stick to its knitting?

This does not challenge the presumably effective service rendered in a critical situation by the Toledo government in setting up the machinery for arbitration. It merely raises the question as to the soundness of making such machinery a permanent part of the structure of municipal government. Mayor LaGuardia of New York City, for instance, urged legislation which would establish a permanent labor department in New York City. New York is unique among cities so it would not be unreasonable to conclude that such a department might be most worthwhile in New York without being worth a whoop in Dayton or Oskaloosa.

But has city government a service to perform in the field of industrial relations? Can it represent the public interest in some permanent way through its intimate local contacts without making the legislative body a battle ground between capital and labor? Or must its services in disputes be confined to sudden action in unanticipated emergencies? The matter is worth some thought.

Selling the Results of Research

POPULARIZATION of the results of research in local government is being tried by the Princeton Local Government Survey. Not content with drafting a report to join many others on dusty shelves, the surveyors are adapting modern advertising methods to the presentation of their facts with challengingly effective results.

This is work for which there has long been crying need. Governmental research to date in this country—splendid as it has been—has lacked the link that would enable it to reach the public. It has not been wasted. The ideas have been picked up by leaders and forward looking officials and much has been accomplished. But governmental research, its reach extended directly to the public through dramatization of its discoveries, may go much further.

The Quest For Direct Relief Funds

States and their subdivisions have as yet no solution for permanent relief problem

L. LÁSZLÓ ECKER-R.
Works Progress Administration

CITIES, towns, and counties all over the United States continue with increased fervor their quest for direct relief funds. The dismantling of the Federal Emergency Relief Administration, which brought to a close the three-year period of federal grants for direct relief purposes, left the responsibility for this segment of the relief problem to state and local governments. These, in turn, though warned of the transference almost a full year in advance, were completely unprepared in many cases to assume the responsibility. Today, more than six months after the cessation of the federal direct relief grants, numerous communities all over the country remain without the necessary funds to care adequately for their unemployables.

The requirements of the states and their subdivisions for direct relief purposes cannot be estimated with any degree of accuracy. At the time of the transition from federal to state and local responsibility, these requirements were placed at $500,000,000 per annum. Since then, however, the situation has changed. Some factors, such as the advancement of the social security program, the deterioration of relief standards, and the improvement of economic conditions, have served to reduce the $500,000,000 figure; others, namely, the inability of the WPA program to provide working opportunities for all employables and the continued uncovering of eligible cases which were never cared for or whose personal resources are only now being exhausted, tend to swell the sums required. Whatever the figure, the question is pertinent, where is the money to come from?

In seeking an answer to this question it is necessary to take cognizance of the element of time. The short and long term abilities of states and their subdivisions to provide funds for direct relief purposes are dependent upon different factors. In considering immediate ability, our appraisal must of necessity be governed largely by recent experience—by recent state and local expenditures and current availability of funds. Theoretical considerations can enter only into the discussion of long term ability. Irrespective of the time factor, however, the obligation to provide $500,000,000 annually for direct relief purposes (using that estimate in lieu of a better one) will be a formidable task for local and state governments.

SHORT TERM CONSIDERATIONS

During recent years much has been said of the weight of the relief burden upon state and local treasuries; yet at no time in the past did these expenditures quite equal estimated future requirements. Consequently, to meet direct relief needs at accepted relief standards during the coming months, states and localities collectively will be called upon to increase the maximum which they have provided at any time during the recent depression.

Between 1933 and 1935 the expenditures of the various governments for emergency relief purposes rose from $793,000,000 to $1,827,000,000, an increase of approximately 130 per cent. These activities directed toward relieving want caused by unemployment represented the coöperative efforts of the federal, state, and local governments; the bulk of the increase, however, was financed from federal funds. Local units, to be sure, increased their contributions from $199,000,000 in 1933 to $226,000,000 and $243,000,000 in 1934 and 1935, but their share in the total declined from 25.1 per cent in 1933 to 15.3 per cent and 13.3 per cent during the two subsequent years. The expansion in funds provided by local units lagged behind total public expenditures.

During the first quarter of 1933 local funds averaged in excess of $22,000,000 per month but in the subsequent period declined steadily, reaching a monthly low of $10,000,000 during the first quarter of 1934. In the spring of that year the downward trend was interrupted and the volume of expenditures from local funds rose to a monthly peak of $24,000,000 during the first quarter of 1935. This temporary increase in the volume of local expenditures occurred simultaneously with the operation of work relief programs which were initiated in April 1934 and were discontinued only during the second half of the following year. The operation of the work programs enabled many cities, towns, and counties to make contributions in the form of materials and equipment already on hand whose market value was credited to local relief expenditures but which called for no cash outlays. Promptly after the cessation of work relief activities, however, local relief expenditures began to decline, falling almost a third, to $15,000,000 per month within a half-year.

The expenditures of state governments were even less than those of their political subdivisions. They amounted to $113,000,000 in 1933 and subsequently rose to $185,000,000 and $224,000,000 during 1934 and 1935. These sums represented 14.3 per cent, 12.6 per cent, and 12.3 per cent of 1933, 1934, and 1935 relief expenditures from all public funds. The growth of state expenditures, though more rapid than that of cities, towns, and counties, was also inadequate to keep pace with total requirements.

RELIEF COSTS INCREASE

The combined relief outlays of states and their subdivisions increased from $312,000,000 in 1933 to $467,000,000 in 1935. The corresponding 1932 figure is estimated at $296,000,000. Thus, 1935 state and local expenditures exceeded those estimated for 1932 by approximately 58 per cent. A substantial part of this increase was accounted for by the expenditure of state funds, which multiplied two and a half fold during the interval. This latter fact is of particular significance, for, as will be observed later, the tendency of state governments to withdraw from this sphere of governmental activity, leaving the responsibility for relief with local governmental units, is already apparent.

In the light of past state and local relief efforts, exerted under the stress of an emergency and under pressure from the federal government, the provision of an even greater amount, say $500,000,000 per annum, now that the emergency is alleged to have passed, is somewhat improbable. Nor is this contrast truly informative, for some of the items which served to swell past expenditures cannot be applied toward meeting future requirements. Here reference may be had to the accompanying table, which summarizes the major fea-

REVENUE SOURCES OF STATE AND LOCAL RELIEF FUNDS, JULY 1, 1933-JUNE 30, 1935

	State Funds			Local Funds			State & Local Funds		
	1933-34	1934-35	1933-35	1933-34	1934-35	1933-35	1933-34	1934-35	1933-35
				In Thousands of Dollars					
Bonds	$104,497	$130,494	$234,991	$ 65,863	$ 55,812	$121,675	$170,360	$186,306	$356,666
Property taxes	....	....	....	67,759	98,854	166,613	67,759	98,854	166,613
Sales taxes	31,925	32,500	64,425	....	23,590	23,590	31,925	56,090	88,015
General revenues	19,618	30,489	50,107	3,873	8,888	12,761	23,491	39,377	62,868
Automotive revenues	3,424	10,773	14,197	2,307	3,852	6,159	5,731	14,625	20,356
Beer and liquor revenues	1,911	12,536	14,447	32	63	95	1,943	12,599	14,542
Contributions in kind	....	....	....	15,142	44,815	59,957	15,142	44,815	59,957
All others	2,132	4,791	6,923	635	15,815	16,450	2,767	20,606	23,373
Total analyzed funds	....	....	....	155,611	251,689	407,300	319,118	473,272	792,390
Unanalyzed funds	....	....	....	11,010	23,673	34,683	11,010	23,673	34,683
Total	163,507	221,583	385,090	166,621	275,362	441,983	330,128	496,945	827,073
				Percentage Distribution					
Bonds	63.9	58.9	61.1	42.3	22.2	29.9	53.4	39.4	45.1
Property taxes	..	..	..	43.6	39.3	40.9	21.2	20.9	21.0
Sales taxes	19.5	14.7	16.7	..	9.4	5.8	10.0	11.8	11.1
General revenues	12.0	13.8	13.0	2.5	3.5	3.1	7.4	8.3	7.9
Automotive revenues	2.1	4.9	3.7	1.5	1.5	1.5	1.8	3.1	2.6
Beer and liquor revenues	1.2	5.6	3.8	..	..	..	0.6	2.7	1.8
Contributions in kind	..	..	..	9.7	17.8	14.7	4.7	9.5	7.6
All others	1.3	2.1	1.7	0.4	6.3	4.1	0.9	4.3	2.9
Total analyzed funds	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

tures of the financing methods employed by state and local governments in providing relief funds during two recent years. It will be noted that almost a fifth of the expenditures credited to local governmental units during the fiscal year 1934-35 represented contributions in kind. This item consisted of tools, materials, and equipment which were utilized in connection with work relief activities on work projects. As noted above, in the majority of cases these items were already in possession of local governments and represented no current expenditures. It need not be pointed out that the supply of such properties is rapidly exhausted. In any event, contributions of this character are not applicable to direct relief needs, for they cannot be converted into food, clothing, lodging, or medical service.

The inapplicability of past sources of relief funds to future direct relief requirements, however, is not limited to contributions in kind. Some of the funds provided by both the states and their subdivisions in cash were restricted to work relief activities. Unfortunately, exact data on this point are not available. There is ample evidence, however, to substantiate the contention that the bulk of the $20,000,000 classified in the accompanying table under "Automotive Revenues" falls into this category. Some states utilized their highway funds for work relief activities on highways; some counties and cities diverted regular departmental appropriations for the repair of public buildings, streets, or parks with the aid of relief labor. Though legally permitted to use these moneys for the compensation of relief labor as long as that labor was employed, respectively, on buildings, streets, or public parks, they lack legal authority to divert them for direct relief purposes.

A further limiting consideration is the fact that a substantial portion of the relief funds provided in the past were obtained through borrowing. During the two fiscal years, 1933-34 and 1934-35, the proportion of relief expenditures financed by the sale of bonds was 29.9 per cent in the case of local, 61.1 per cent in the case of state, and 45.1 per cent in the case of state and local governments combined. This form of relief financing cannot be pursued indefinitely. In fact the volume of local relief borrowing has already declined and in the case of state governments has virtually disappeared. The local inclination or capacity to borrow which still remains will probably be absorbed by cities and counties in an attempt to take advantage of the 45 per cent grants available to governmental units under the recently replenished federal public works fund.

TAXATION FOR RELIEF

As one views the potentialities of state and local revenue structures, the conclusion seems inescapable that the future availability of direct relief funds hinges primarily upon the fortunes of the sales and property taxes. Beer and liquor revenues, which in the closing days of prohibition promised to meet all welfare requirements, have been disappointing. During a recent post-repeal year they yielded for relief purposes less than $13,000,000.

With the cessation of borrowing, sales taxes tend to loom increasingly larger in the state relief financing structure. Providing only $12,000,000 in 1932-33, their contribution had increased to $32,000,000 during each of the following two years and in the fiscal year just ended probably approached $90,000,000. In addition, one local levy, that in New York City, supplied another $43,000,000. Though generally acknowledged to represent a backward step in taxation, this newcomer among prominent revenue producers bids fair to remain in fashion for years to come.

In consequence it may be expected to retain its importance as a source of relief revenue. Little credence can be assigned to the frequently voiced contention that sales taxes were enacted to meet an emergency and are likely to pass with the passing of that emergency. Contemporary experience in state after state demonstrates adequately that once on the statute books, the levy is not likely to be removed. In this connection Kentucky (and perhaps New Jersey!) is the exception which proves the rule. So productive a tax measure is not lacking in supporters among those who are charged with the responsibility of financing increasingly costly governmental functions. Consider also the vested interests! The repeal of the sales taxes now in effect would represent an annual loss of $100,000,000 in common school and an even greater sum in general state governmental revenues; in some cases it would necessitate substitute levies on property. The stakes of these militant groups in the fate of the sales tax are even greater than those of the less articulate destitute. The latter should, however, manage to hold their own in view of the fact that not a few of these sales taxes were sold to the public on the plea that the funds were required for relief purposes.

Relief expenditures of local units, at least for the time being, must be financed in large part from property taxes. Holding the place of prominence even at the time of extensive emergency borrowing, property taxes are certain to increase in importance with the decline of local credit operations. During the two recent years for which data are at hand, July 1, 1933-June 30, 1935, this source provided 40.9 per cent of all local emergency expenditures. Unclassifiable general revenues accounted for an additional 3.1 per cent. These, constituting the current operating funds of local units, are known to be supported, at least in part, by property taxes, but the individual sources of income cannot be specifically segregated.

That property taxation should dominate local relief financing is a necessary consequence of the significance of this source of revenue in local governmental financing in general. The local governments of most American states have permanent authority to impose property levies for poor relief purposes. In some cases, to be sure, this authority is restricted, necessitating temporary enabling legislation in times of emergency. Such authority, however, is readily granted, particularly where state legislatures are eager to avoid state sharing in relief costs.

PROPERTY TAXES FOR RELIEF

The conclusion that general property will be called upon to increase its contribution to relief is inescapable. To what extent that trend will involve an additional net burden will depend largely upon the real estate situation and the methods employed in raising the funds. In most parts of the United States, property values, as well as tax payments, are exhibiting an upward trend. Additional optimism is warranted by a consideration of new devices developed for the collection of delinquent taxes.

During the past few years local units all over the country have accumulated substantial assets in the form of delinquent taxes. Limited experience in selected areas suggests that parts of this accumulated delinquency can be liquidated with the aid of aggressive tax collection drives. With the aid of modern advertising technique the state of Michigan in one month collected $15,000,000 in back taxes and put $55,000,000 on the ten-year plan. Similar results were obtained in Wayne County, Michigan, and Cook County, Illinois. Commenting on this departure in tax collection procedure, Milton M. Alexander, one of its Detroit advocates, observes:

> Michigan's tax-collection drive was "merchandised" at every point. The people were "sold" on the importance and wisdom of paying their taxes. The copy was written from the standpoint of the taxpayer, rather than that of the government. It got under the skin of the public, and resulted in a veritable tax revival.
>
> Daily and weekly newspapers, radio spot announcements, 24-sheet posters, (*sic*) folders, all reinforced with precious (*sic*) publicity, heralded the story of a tax-saving opportunity.

RELIEF RENTS PAY TAXES

A similarly novel procedure for the liquidation of delinquent taxes, with particular reference to relief financing, is one which suggests itself as an adaptation of the Ohio annat law. This device was originally designed to afford assistance to landlords housing relief clients. Its further development, however, holds promise of enhancing the abilities of local units to supply the rent requirements of the destitute. The origin of the annat law dates from the spring of 1933. At that time several welfare agencies responsible for the housing of indigent families attempted to avoid the payment of rent to landlords. In the words of G. A. Corso of the Cuyahoga County division of housing relief: "Evictions were increasing, and the landlords who were disposed to sympathize with the relief clients were penalized in that they maintained the family on their property without any income, but were compelled to pay taxes, upkeep, and insurance on the same properties."

To remedy this situation, the Ohio legislature enacted senate bill no. 200 (subsequently amended by substitute senate bill no. 33 and house bill no. 21) which provided that in payment of rental, the landlords of relief clients be rebated a prorated share of the taxes on a given property, equal to the proportion of the property occupied by the recipients of relief. Relief cases entitled to allowances for rent were to receive vouchers from the county auditor. These vouchers, when turned over by the indigent in place of rental payments to the owner of the property, could be used by the latter in lieu of tax payments. The amount of these allowances was limited in accordance with the size of the relief family and in no case could the total of such vouchers issued upon any one property during a given month exceed one-twelfth of the total annual tax, exclusive of special assessments. In view of this latter provision, the process could involve only current taxes, unless these had already been paid, in which case the amounts were creditable against delinquent taxes.

This ingenious device is here sketched in detail because an extension of the concept to cover delinquent taxes may be the key to the solution of the housing aspects of the relief problem in those areas in which severe tax delinquency has impaired the financial abilities of local units of government. If communities can arrange to convert some of their paper assets represented by delinquent taxes into the rental segment of relief budgets they will have met at least temporarily an important part of their relief needs.

The potentialities of adapting the delinquency situation in property taxes to the relief problem at hand are obviously only of short term significance. One tax collection drive, if successful, will have exhausted its possibilities; the same time limitation applies also to the potentialities of bartering unpaid taxes for the rental requirements of relief families.

LONG TERM CONSIDERATIONS

By projecting one's focus to take into range a longer span of time, one inevitably arrives at the conclusion that the problem of relief financing cannot be discussed without reference to the sharing of all revenues and the sharing of all burdens between the national, state, and local governments. Presumably the withdrawal of the federal government from the field of direct relief is final. In that event the responsibility must remain at the portals of the states and their subdivisions.

Elizabethan tradition, still rampant in many parts of the country, classifies the giving of relief as a local function. The division of taxing authority, on the other hand, vests the authority to tap new sources of revenue with state governments. During the past few years when, their traditional responsibility notwithstanding, the local units were financially unable to meet the growing relief requirements, some states assumed part of this obligation; they did so, however, with much protest and reluctance. In doing so they clung tenaciously to the fiction of local responsibility. New York's initial state relief appropriation (chap. 798, 1931 ex.) was prefaced with the observation that "while the duty of providing aid for those in need or unemployed because of lack of employment is primarily an obligation of the municipalities, nevertheless, it is the finding of the state that in the existing emergency the relief and assistance provided for by this act are vitally necessary to supplement the relief work accomplished or to be accomplished locally and to encourage and stimulate local effort in the same direction." Other states, particularly those in the New England area, were more successful in leaving the bulk of the responsibility for relief with local communities. In still others, the responsibility was shifted from one level of government to another within a relatively short time. In Delaware, for instance, relief was financed by the state until the middle of 1934 when the burden was shifted to the county levy courts; at approximately the same time in California a shift occurred in the opposite direction. Not infrequently the failure of states to share in the relief burden was a direct consequence of sectionalism in state legislatures. Rural legislative cliques were occasionally successful in blocking state appropriations destined in large part for the relief of unemployment in industrial areas, thus restricting legislation to acts which enabled specific local governmental units to tap new sources of local revenues rather than the common treasury of the state.

In some of those areas in which states assumed partial responsibility during the past few years, a reaction is already discernible. States are withdrawing from the relief field, leaving the burden with local units. Since in many cases, local units will be unable to meet these requirements, it is not unlikely that a reallocation in the responsibility for governmental functions between the states and their subdivisions will be the consequence. The "replacement program" now under consideration in New Jersey, which would lift from the municipalities the responsibility for schools, soldiers' bonus, and salaries of judges and prosecutors now financed from property taxes, but return to them the responsibility for relief (with a mandatory three-mill levy for that purpose), is an advance signal of that trend. Earlier examples are not wanting. The commonwealth of Virginia has until this spring consistently refused to make a relief appropriation on the ground that, by relieving counties of a $3,600,000 annual road and some school expenditures, it left these counties in a position to provide relief funds.

To what extent state assumption of functions hitherto financed locally releases corresponding ability to provide funds for other purposes is subject to conjecture. Previous experience tends to indicate that the local governmental structure is too inflexible to permit a ready redirection of such resources. On the one hand, local governmental needs are always in advance of available funds; on the other, local officials in charge of particular functional expenditures are reluctant to relinquish pursestrings now within their jurisdiction. North Carolina's much publicized assumption of the administration of rural highways and the financing of the eight-months' school term appears to have had little or no influence upon the availability of local funds for relief purposes. Rhode Island's more recent experience is equally suggestive. Speaking to the 1936 legislature Governor Green made the following observation concerning additional state aid granted local communities in 1935:

> This should have enabled the cities and towns to do a number of things which they excuse themselves from doing by reason of their financial stringency. It could have been used by the cities and towns in whole or in part for additional school appropriations, as I suggested in my message recommending the repeal of the state tax on cities and towns, or it might have been used for additional appropriations for roads and bridges, or it might have been used for the reduction of local taxes, especially on real estate. I believe I am justified in stating that only eight towns made any use of any part of this large sum for any such purpose. In the remaining towns, it was covered into the general receipts and, so far as most of the taxpayers know, these additional sums might never have been received. Let me state again, that this current year the state has made available in one way or another for the cities and towns of the state about $4,500,000, or almost $4,000,000 more than the year before I became governor, yet no corresponding benefits seem to have accrued to the citizens of those cities and towns.

Experiences of this sort tend to minimize the value of a readjustment in the division of governmental responsibility between the states and their subdivisions. Conceivably, the elimination of the existing inequity between the burdens falling upon the different tax bases (as a consequence of the inequitable division of governmental responsibility) must await another day — must await the time when conditions will have become sufficiently unbearable to force a reappraisal of all governmental functions in the light of their costs.

In the meantime, the extent to which the direct relief requirements of the future will be met will depend in no small degree upon the rôle which states will elect to play. The revenue structures of state governments continue to possess a degree of flexibility lacking in those of local units. The productive sales tax, as noted above, is here to stay. State income taxes, particularly in the lower income groups, leave some room for expansion, depending, of course, upon federal income tax policy.

RELIEF PROBLEM NOT SETTLED

On the whole, states and their subdivisions are no nearer to the solution of the permanent relief problem than they were at the beginning of the depression. For more than a half decade, the relief of destitution has been one of their major concerns. Its gravity notwithstanding, year after year was permitted to pass without even an attempt to dispose of it permanently. State legislatures acquired the habit of procrastination, expediency seldom failing to prevail over reason. The insistence of Washington for state and/or local appropriations as a condition of federal grants did produce some results but only of temporary duration. Once the federal lever was removed, the reaction was quick to set in. In the meanwhile, financially hard-pressed communities are meeting the problem to the best of their abilities, looking hopefully toward 1937 when their respective state legislatures are once again scheduled to convene. Possibly their prayers are now destined to fall upon more receptive ears, for the federal government is no longer on hand prepared to avert starvation if states and their subdivisions fail to do so, or do so inadequately.

Probable Effects of Federal Land Purchase on Local Government

Costs of county government can be reduced if taxpayers and office-holders will make adjustments in local government made possible by land purchase program

ROLAND R. RENNE

Montana State College

THE federal government through its land purchase and resettlement program is attempting, in an orderly way, to adapt the production techniques and local governmental patterns in selected areas to the basic natural conditions peculiar to these areas. The need for such a program becomes all too obvious when the adjustment processes now operating, and which have been operating for the past decade or more in response to natural forces, are analyzed. Drastic reductions in taxable valuations; increased tax delinquency, tax deeds, and mortgage foreclosures; the piling up of local public debt; and the reduction in the quality and number of local governmental services—all have resulted from over-speculation in land, over-development of local government, and improper land utilization.

How will the federal purchase program correct these maladjustments, and how will it affect local governments in these areas? Will it make possible a substantial modification of the basic institutional pattern of the community, and appreciable reductions in local governmental costs?

Maladjustments in the use of land seem to be particularly acute in the Great Plains area (a region extending from North Dakota and Montana on the north to Mexico on the south, known in early days as the Great American Desert). A large portion of the land being purchased by Uncle Sam lies in this region (of the 75,000,000 acres recommended by the National Resources Board to be purchased, more than one-third is in the Great Plains), and this paper analyzes the effects of land purchase and resettlement on local governments in this area.

CAUSES OF EXISTING PROBLEMS

The heaviest settlement in the Great Plains region occurred in a very favorable agricultural period when heavy yields and comparatively high prices were secured. The latter part of this period of settlement was accompanied by speculation, increased business activity, and the high prices of the war period, which resulted in inflated land values. Local governmental units and services multiplied in anticipation of an increasing population and an ultimate pattern of homes and farms similar to that in the older, more thickly populated areas. Schools were built, very frequently not more than two miles apart, and the number of counties doubled. (The number of counties in Montana increased from twenty-seven in 1909 to fifty-four in 1920). Heavy taxes, interest, and debt charges were piled up against the land.

This expansion was predicated upon a production pattern which was impossible in many parts of the Great Plains area. The land was homesteaded in 160-acre units prior to 1911 when the enlarged homestead act was passed permitting the entry of 320-acre homesteads. This was increased to 640 acres by the stock-raising homestead act of 1916. These units, however, were far too small for efficient use of the range. At least four thousand acres or six sections of average grades of grazing land are necessary for one hundred head of cattle, and even this is a small range unit for any family entirely dependent on a range-cattle enterprise. Farm lands which produce, on the average, less than twelve bushels per acre per year under a summer fallow system are uneconomical for grain farming. An analysis of the soils of twelve Montana counties shows that more than one-third of the farm land is of the above type or what is called fourth-grade farming land, and in some counties as much as 83 per cent of the farm land is of this grade. Since a large part of the land farmed in these counties is used for wheat production, this indicates the extent of improper land utilization, which in turn results in increased tax delinquency, mortgage foreclosures, scaling down of the educational and other local governmental services, and general financial instability.

The splitting up of the semi-arid Great Plains into small, uneconomical units by homesteaders, investors, and speculators as a result of applying the same homestead plan of settlement which was used in the rich, humid areas of the eastern part of the Mississippi Valley, makes it necessary for present operators, if they are to approach an economic unit, to lease from numerous, usually unknown, owners, many of them scattered all over the United States. This puts the operators in an uncertain position because they have no assurance from year to year that they can maintain their entire operating units intact. Part or all of the leased lands may be sold at any time or the prices paid for the leases may be raised by the competition of neighboring cattlemen who have lost part of their range and must get other lands if they are to maintain their cattle numbers. This uncertainty in range control encourages severe overgrazing and misuse of the land resources. (Grazing capacity has been reduced in some areas by 50 per cent or more in the last fifteen years.)

CORRECTING PRESENT EVILS

The correction of present maladjustments depends to a large extent upon the grouping or blocking out of these small, uneconomical parcels into units of proper size, adequately controlled to improve and stabilize productivity. In many areas where the land ownership pattern is badly checkered with small, absentee-owned parcels, and a varied type of farming exists with no common interest between different private users of the land, the only method feasible for blocking out the numerous tracts seems to be federal purchase of many of them. The government will then lease these lands to the better established ranchers and farmers located principally along river bottoms or on the better lands. The families living on some of the tracts purchased by the government will be assisted in re-establishing themselves elsewhere. With the substitution of one large, permanent, non-speculative owner (Uncle Sam) in place of thousands of widely scattered absentee owners, stockmen and farmers should be able to lease economical units on reasonable terms for a long period provided they use the lands properly. This should result in building up and stabilizing the productivity of all lands in these areas and hence, the tax-paying ability of land remaining in private ownership.

In one western county where the federal land purchase program is in operation, the number of different ownership tracts will be reduced from 2838 to 2102 or 26 per cent when the federal government completes purchase of all lands in this county upon which it had options at the beginning of 1936. The average size of the tracts will be increased from 378 to 510 acres or 35 per cent. A total of 148 resident owners or 14 per cent of the total in the county have optioned their lands to the government, and will probably move out of the county if the sales are completed. Nearly three hundred absentee owners (non-residents of the state) or about one-third of the total have optioned their lands to Uncle Sam. Thus, of the 1,072,000 acres in the county, 551,315 acres or more than half will be owned by the federal government.

These changes raise many questions in the minds of the local taxpayers and office holders. "Will not this large increase in federal holdings and the moving out of the county of about one-seventh of the resident owners, greatly reduce the taxable property available for supporting governmental services?" they ask. And will it not shift a large part of the burden of supporting these services to city property owners? Federal lands are not now taxable by these local governments. What revenues, if any, will they get from this new public domain? In order to answer these questions, these financial implications will be analyzed under the following three heads: (1) Probable future annual revenues, (2) immediate cash receipts, and (3) savings from reorganization of community structure and local governments.

It is generally assumed that the federal government will give to the counties one-half of the gross annual revenues it secures from leasing its lands to stockmen and farmers. Precedent for this is already established by the Taylor grazing act passed in 1934 which gives 50 per cent of the money received from each grazing district (federal lands) during any fiscal year to the state in which said grazing district is situated, to be expended as the state legislature may prescribe for the benefit of the county or counties in which the grazing district is situated. It becomes necessary, therefore, to determine first of all the probable future annual lease returns from the new public domain, and to compare this with present revenue now being secured by local governments from these same lands.

PROBABLE FUTURE LEASE RETURNS

An average figure showing the probable future annual lease returns can be computed from a classification of the lands based on a soil reconnaissance to determine their grazing capacity, and the average farm price of beef over the forty-year period 1890-1930, which would indicate approximately the average lease rates stockmen might reasonably pay for such lands.[1] Present revenue from these lands is readily available from the tax rolls and county records.

In an analysis covering nine counties in the Great Plains area, assuming sale is completed on all lands listed for sale to the federal government, it was found that there would be 4,356,000 acres in the new public domain in these counties, compared with only 1,173,000 acres as at present. The total revenue received by county governments and school districts from these 4,356,000 acres in 1934 was approximately $127,000, or an average of three cents per acre. This includes $112,186 received in taxes from the 2,753,000 acres of privately-owned lands that have been listed for sale to the federal government, and $14,542 received by the counties from 171,422 acres of county lands taken through tax deed and leased to private individuals. An additional 258,513 acres are owned by these counties which they were unable to lease or sell to private individuals in 1934 and consequently no income was secured from these lands. (All county lands have been optioned to the federal government by the county commissioners in these counties.) Nor was any revenue secured from the 1,173,000 acres of federal lands in these counties. These lands now occur in scattered parcels, many of which are as small as forty acres, that have never been appropriated or reserved, or if homesteaded, have reverted through default to the United States.

---

[1] The grades of land and lease rates are as follows: First grade (18 acres or less per 1000-pound steer for a 10 months' grazing period) 16 cents per acre; second grade (19-27 acres) 11 cents; third grade (28-37 acres) 8 cents; fourth grade (38-55 acres) 6 cents; and fifth grade (56 acres or more) 3½ cents. Third and fourth grade farming land (12 to 15 bushels of wheat and 8 to 11 bushels per acre respectively) also being purchased by the government, are given 16 cents and 12 cents per acre lease rates, respectively. The average farm price of beef in Montana during the period 1890-1930 was 6¾ cents per pound.

The estimated annual revenue which will be secured from the same 4,356,000 acres if the pending sales to the federal government are completed, totals about $154,000 compared with the 1934 revenue of $127,000, or about one-fifth more. This $154,000 is half of the estimated average annual gross income which the federal government should get from leasing these lands to resident stockmen. In other words, county and local governments may reasonably expect to get somewhat more, on the average, than they are currently getting from these lands. It should not be forgotten, however, that the estimated returns under the new program are based on a forty-year average price of beef, while the 1934 returns are those in a low price, depression year. But, with the present misuse of the lands, overgrazing, and depletion of the range-carrying capacity accompanying a faulty ownership pattern, the taxpaying ability is being decreased year by year as is evidenced by increased tax delinquency, tax deeds and mortgage foreclosures; whereas, with the controlled grazing and blocking out of the range into economical units which should accompany federal purchase and administration, the carrying capacity and lease-paying ability should be built up to a level considerably higher than that of the present.

The relationship between present income and probable future annual income under the federal land purchase program is not the same for each of these nine counties. In the case of six of them, the annual revenue under the new program will be greater than current revenue, the increase varying from 22 to 99 per cent. In the other three counties the expected revenue will be somewhat less than the present, the decrease ranging from 4 to 20 per cent. This variation between counties is due principally to three factors: (1) Variation between counties in the proportion of their land area now comprised of federal holdings and upon which they now get no revenue, but upon which they will probably get half of the lease returns if the new program is effected; (2) the difference in the extent of tax delinquency between counties. This in turn depends upon many factors, principally the extent of over-speculation in land values, improper utilization of the soil, and the relative efficiency of the local governments; and (3) the relative ability of the county commissioners to sell or lease county lands which have been taken by tax deed because of continued tax delinquency. This in turn depends largely upon local conditions, the size and quality of the county parcels, and the general alertness and business ability of the commissioners.

IMMEDIATE CASH RETURNS

In addition to the average annual lease returns which should be secured from the lands as noted above, the local governments will secure immediate cash returns from: (1) The cash payment per acre made to the counties by the federal government for their lands acquired through tax deed; and (2) the income which will be obtained from the payment of delinquent taxes that have accrued against private lands that are listed for sale to the government (all delinquent taxes against the lands must be paid when the federal government completes purchase and clears title).

The price per acre offered by the federal government for county lands in these nine counties varies from $1.00 to $1.53 per acre, the average price being $1.28. Consequently, these nine counties will receive approximately $548,000 for the 430,000 acres which they have taken through tax deed and which have not been sold. The total indebtedness of these counties is $2,142,000 and the proportionate share of the county indebtedness against the 430,000 acres of county lands amounts to $88,000. Thus, the counties will be receiving more than six and one-half times as much ($548,000) as the proportionate share of the indebtedness against these lands from the sale of such lands to Uncle Sam. In no county of the nine was the proportionate share of indebtedness against the lands equal to the sale price which the county will receive if the transaction is completed.

In addition to these returns from selling the county lands, these nine counties will receive a large sum from delinquent taxes which have accumulated against the 2,753,000 acres of privately-owned lands listed for sale to the government. About 14 per cent of these lands is delinquent one year in tax payments, 15 per cent two years, and 28 per cent three or more years. The estimated total delinquent taxes accumulated against these 2,753,000 acres is $758,000. If these lands are sold to the government the counties will receive approximately this amount in back taxes, distributed about as follows: County funds, 48 per cent or $363,800; schools (elementary and secondary), 44 per cent or $333,500; and state funds 8 per cent or $60,600. The total net indebtedness of these nine counties is $2,142,000, and that of school districts within these counties, $600,200. Thus, the sums obtained from the sale of county lands and from the paying up of accumulated delinquent taxes on privately owned lands listed for sale to the government, can be applied to reduce the indebtedness of these local governmental units, or if, as is the case in some counties, the bonds are not yet due for payment, tax levies for sinking funds to pay these bonds when they do mature can be reduced considerably or eliminated entirely. This would be an important factor in reducing taxes and would help to ease the present burdens and reduce tax delinquency.

In the case of one county, $123,000 of bonds were in default at the beginning of 1935; $51,000 of back interest on bonds was in default; $38,500 of bonds matured in 1935; $159,500 were due to mature in 1936; $38,500 in 1937, 1938, and 1939; and $303,500 in 1940. There are no moneys in the sinking fund and during the current year that county would have to make a levy of eighty mills in addition to other levies necessary for other county operations to pay the bonds and interest already in default and the current interest and sinking fund requirements. This figure is based on a 100 per cent collection of tax levies and shows the utter impossibility of the county meeting its obligations unless some such readjustment program as that of the federal land purchase plan is effected.

It is reasonable to assume that if the lands listed are sold to the government, the local governments will receive large amounts of back taxes which they undoubtedly would never secure otherwise. When counties take tax deed because of continued tax delinquency, these lands are removed from the tax rolls unless they can be sold to private buyers promptly. The experience of most counties in the Great Plains area is that they can sell only a very small proportion of their lands promptly and the balance they try to sell at auction for whatever price land may bring. In most counties in recent years no private buyers can be found for the lands, but where a sale is made the price is frequently below the amount of accrued delinquent taxes and other charges against the land. Consequently, the county cannot collect all of the delinquent taxes which have accrued against the lands. The fact that 28 per cent of the 2,753,000 acres of private lands listed for sale are three years or more delinquent in tax payments, indicates that undoubtedly a large number of the owners of these lands will not be able to pay up all these back taxes, but will allow the lands to go to the county through tax deed. At least this has been the experience in many western counties in the past eight years. The federal government is the only agency in a position to buy up these lands and to enable the necessary readjustments to be made in an orderly and efficient manner.

SAVINGS FROM REORGANIZATION OF LOCAL GOVERNMENTS

In addition to the immediate cash and probable future annual lease returns above, the local governments will secure considerable benefits from the reorganization of community structure which will accompany, or at least will be made possible by the federal land purchase program. Studies made by the writer in two of these nine counties indicate that school costs can be reduced by between one-third and one-half with the new population pattern which would be established if all the lands now listed for sale in these counties were sold to the federal government. This estimate is based on the assumption that the resettlement administration will resettle the families who sell their lands to the government and want to be resettled elsewhere.

Studies of the author in county government indicate that costs of county government in these nine counties can be reduced from one-sixth to one-fifth through the reduction in road construction and maintenance costs, decreased number of assessments, less general bookkeeping and other clerical and administrative work. These savings are possible from the changes which will be effected in establishing a new land use pattern, but whether they will be secured depends upon the action of local taxpayers and office-holders in making the adjustments in local government corresponding to those made possible through the land purchase program.

CONCLUSIONS

It would seem that not only will the purchase program do much to correct present fundamental maladjustments in the Great Plains area by blocking out the scattered tracts into economical units, but it will be decidedly beneficial

(Continued on Page 411)

Rental Value As a Measure of Ability To Pay

An interesting experiment from the St. Petersburg survey

THOMAS H. REED
L. R. CHUBB
Consultant Service, National Municipal League

Ability to pay—or, in other words, what can the taxpayer stand—has been the center of controversy in almost every difficult debt settlement of the last few years. It is obviously not measured by "assessed valuations" of property which are at the best only estimates of capital value based on numerous assumptions. "Market value" means little in a period of depression where such few sales as take place are forced sales. "Cost of reproduction new less depreciation" may mean very little when there is a surplus or scarcity of buildings. In this dilemma it is natural that "earning capacity" or "use value" should be turned to as an alternative to our customary methods of appraisal for tax purposes.

Recently the Consultant Service of the National Municipal League was called upon to make a study of the finances of St. Petersburg, Florida, with a view to suggesting the ground on which a bond settlement might be worked out. Ability to pay was the very essence of our problem and we were met by many and various opinions as to the oppressive character of present taxation and the possibilities of tax increases without disaster. Without committing ourselves to the "use-value" theory now advocated by leading real estate interests we decided that to determine the earning capacity of income property would be very helpful. We therefore undertook a study of rental value.

Obviously the limitations of time were such as to make it impossible to secure figures on all rental properties or even any very large proportion of them. The procedure adopted, therefore, was the careful selection of certain representative subdivisions. Questionnaires were sent late in March to the owners of all improved properties in these subdivisions. Of the 4,741 sent, 1,405 were returned. Of these, of course, many were on properties used solely by the owner as his home and were of no significance for the determination of rental value, while on others the figures were incomplete or even altogether lacking. It is probable that among the returns not considered because incomplete those on which the income was low or negligible preponderated. This is counter-balanced, however, by the probability that those whose properties yield little income tended to answer the questionnaires more readily than others. Very few replies were made by the owners of important business property. Not a single reply was obtained from the city's best business block, the north side of Central Avenue between Fourth and Fifth Streets.

Although information was requested

for the last ten years, only the figures for 1935 were sufficiently complete on enough questionnaires to make them worth tabulating. The figures used were all for the calendar year 1935.[1]

True rental value is not simply what the owner gets in cash as rent. His expenses on the property must be deducted. For each property, therefore, the amount of these expenses was secured and deducted from the gross rental income, notably:

(1) The cost of insurance carried on the property for the year 1935.

(2) Taxes payable to the city, county, and state.[2] Special assessments for improvements, however, were regarded as a capital outlay and not included as an operating cost.

(3) The actual cost of repairs, replacements, and redecoration during 1935. The cost for this one year on any one property is, of course, not representative; but it is believed that the variations cancel each other. If there is any preponderance of error, it is in the direction of greater repair cost this year due to the heavy gale of September 1935. In a few cases where the data were otherwise complete and it was clearly indicated that repairs had been made but the owner could not give exact cost figures, 4 per cent of the building's assessed valuation was included as a normal repair item.

(4) The cost of service rendered tenants, including heat, light, janitor service, etc., paid for by the owner.

(5) Miscellaneous operating costs (advertising, agents' and management fees, business licenses, etc.).

Mortgage interest and principal payments were not deducted, since they are a part of the net return on the property even though they do not go to the owner. Nor, in any case where repairs were counted as an expense, was depreciation also charged.

Three general types of rental property were represented in the sample covered—residential, commercial, and residential-commercial. A use classification of property in St. Petersburg presents peculiar difficulties. Its tourist industry far outranks all others combined. Not only does this mean an abnormal (short but furious) rental season; it also brings it about that types of rentals unusual elsewhere become typical there. Techniques had, therefore, to be worked out so that these could be represented in the sample.

(1) *Residential.* In this class (519 parcels covered with an aggregate assessed valuation of $3,705,110) were put all properties covered which compete in the rental residence market, from cottages to hotels. All hotels for which data were secured were included here, even though retail trade is carried on by the owner in them, on the principle that it is for the most part incidental to the residential use and in the nature of a service rendered to tenants.

There are four types of residence rentals where the owner's cash income in rents does not truly represent his rental income, and adjustments were made accordingly as follows:

(a) Where the owner occupies for the winter season and rents to a tenant in the summer, or vice versa. Of this type 49 samples with an aggregate valuation of $149,478, for which the relative periods of the owner's and the tenant's occupancy were secured, were tabulated. Winter rents we find to be generally four times summer rents, but the term "season" is a variable one and we found a great variety of combinations of owner-tenant occupancy. For example, two months by a tenant and ten months by the owner gives the owner two months at least of high-value occupancy. We, therefore, for these properties included in the gross rental income an estimate of the rental value of the owner's occupancy on the assumption that on the average it is the equivalent of one-third of the average rent from the tenant, except of course where the tenant was a summer tenant, in which case the proportion is reversed. The net return on this type of property was 5.31.

---

[1] In a few cases where the accounts were not kept on a calendar-year basis, figures for the last completed fiscal year were used. Assessed valuations throughout this discussion are those fixed by the city assessor as of January 1, 1935, and embodied in the tax roll confirmed November 26, 1935; and taxes are those which became due during the same year. If our calculations had been made on the reduced values of the 1936 assessment roll, the percentage of return would have been even higher. All assessed valuations include the full valuation before deducting widows', veterans', disability, or homestead exemptions.

[2] Except taxes on personal property; personal property valuations were also excluded from the assessed valuations on which the return percentages were based.

(b) Where the owner is a person who actively manages a building for the renting of rooms or apartments, occupying a part of the building while tenants occupy the remainder. Of this type 44 samples with an aggregate assessed valuation of $542,493 were tabulated. For these properties the owner's occupancy was estimated to be the equivalent of his services, and no change was made in the gross rental income reported. The net return on this type was 5.75.

(c) Where the owner occupies a part of a building and tenants the remainder but the management of the building takes proportionally no more of his time than the management of any property by any owner. Of this type 28 samples with an aggregate assessed valuation of $125,274 were tabulated. For these properties an estimate of the rental value of the owner's occupancy was included in the gross rental income, on the assumption that the average rental on the number of rooms occupied by the owner is the same as the average rental on the number of rooms occupied by tenants. The exact line between this and the preceding type is not altogether easy to draw, but every effort was made to take only clear cases. Net return in this case came to 8.91.

(d) Where the owner occupies one building on a lot and tenants the others. In these cases, rather than attempt to estimate the value of the owner's occupancy, the lot was split. The gross rental income reported, less that proportion of the insurance, taxes, repairs, and miscellaneous expense which the assessed valuation of the buildings occupied by tenants bore to the total building valuation of the parcel, and less the full cost of services rendered to tenants, was tabulated as net profit or loss; and the same proportion of the total assessed valuation of the parcel was tabulated as the assessed valuation on which the income ratio was figured. Of this type 18 samples were tabulated, with an aggregate full valuation of $85,217 and a reduced valuation of the rented portion only of $50,055. The net return here rose to 12.87.

(2) *Commercial.* In this class (82 parcels covered with an aggregate assessed valuation of $1,585,379) were put all properties occupied by tenants for industry, trade, or business office purposes. No attempt was made to estimate the rental value where the owner occupied a property for these purposes, except in a few cases where the owner's occupancy was only partial and he made on his own books and reported such an estimate. This class of property is, of course, much less important in St. Petersburg than in the normal non-resort city (net return, 3.59).

(3) *Residential-commercial.* In this class (37 parcels covered with an aggregate assessed valuation of $560,315) were put all properties occupied by tenants partly for trade or business and partly for residence purposes. Typically this class includes two-story build-

ings with stores below and flats above (net return, 4.84).

In all classes, net loss figures for properties rentable but reported vacant were, of course, tabulated along with the rest. Vacancy throughout the year is, however, fairly rare in St. Petersburg, for the same reason that vacancy outside the winter season is frequent. Figures for properties which were being sold on contract were not tabulated at all, since it is impossible to tell what proportion of the payments received by the owner is rent and what proportion is to purchase an equity in the property.

COVERAGE

The parcels covered amounted to 15.02 per cent of the total number of rental properties and to 21.04 per cent of their assessed valuation. These figures were arrived at by excluding all unimproved parcels and all property in respect of which the homestead exemption applications showed the property to be occupied solely as a residence by the owner. The revised map of St. Petersburg, the largest and (since it contains most of the downtown business blocks as well as considerable higher-than-average residence property) by far the most highly valued subdivision, was represented to the extent of 19.25 per cent of the parcels and 19.58 per cent of the assessed valuation in the rental classification. On the average the higher grade subdivisions were slightly more completely covered. On the other hand, among the properties not covered by the survey because information was not available were all the properties on both sides of Central Avenue between Fourth and Fifth Streets—the best business location in the city—with a total assessed valuation of $1,881,467.

Figures were not available for the total number of improved parcels in the city or for their total assessed valuation, but that the sample was adequate for the city as a whole was indicated by the fact that the total building valuation of the parcels covered ($3,459,229) was 9.85 per cent of the total building valuation of the city for 1935 ($35,092,803).

CONCLUSIONS

It is evident:

(1) That property in St. Petersburg earned net in 1935 on the assessed valuation an average of 4.97 per cent after deducting operating costs including taxes.

(2) That the average net return on residential property was 5.58 per cent and on commercial property only 3.59 per cent, while on residential-commercial property it was 4.84 per cent. This disparity is explained in part by the fact that certain large hotels with a considerable net return appear in the residential class and by the fact that taxes on residences have been somewhat reduced as a result of the homestead exemptions.

(3) That of the total of 638 parcels covered, about a fourth showed a net loss in 1935 averaging 2.98 per cent, while the remaining parcels showed a net profit averaging 7.14 per cent.

It would appear from these figures that property in St. Petersburg is like property everywhere else in that some of it is unprofitable and some of it profitable. Without attempting any careful analysis of the reasons for the failure of some property to earn an adequate return, it is safe to say that in general it is due either to bad management or to the obsolete or run-down condition of the property itself. Apparently the property owners who through their fault or misfortune are not making good are much more vocal than those who are. Impressions gained by our staff in conversation with large numbers of St. Petersburg property owners have been to the effect that the earnings of property were very much depressed. This, of course, is due in part to a disposition not to accept the results of the depression and to think of property values in the terms of 1926 and 1927 rather than in the terms of 1936. The fact of the matter appears to be that property in St. Petersburg as a whole is earning a substantial though not a lavish return upon the investment. Assuming for purposes of discussion that the assessed valuation of St. Petersburg is 90 per cent of true value, the return percentages become 6.42 per cent profit on the net profit properties, 2.68 per cent loss on the net loss properties, and 4.47 per cent profit on all properties. These figures would seem neither to justify the pessimism of some property owners nor to hold out to the city's creditors unlimited possibilities of increased taxation. If improved property can on the average earn 4.47 per cent net after paying taxes and all other expenses, there can be no serious complaint that present taxation is too high. This is further borne out by the fact that without any penalties or other adequate machinery for the enforcement of tax collection, the taxpayers of St. Petersburg are paying nearly 70 per cent of the current levy this year. On the other hand, the figures would seem to indicate that any drastic increase in taxation would turn the scale in the other direction. The earning capacity of property would be reduced below what can be considered a fair rate of return and as a further consequence tax collections would be slowed up.

PROBABLE EFFECTS OF FEDERAL LAND PURCHASE

(Continued from Page 406)

to local governments in this area. These considerations amply justify the program but several factors enter into the picture to prevent it from going forward rapidly and smoothly. Funds appropriated to date are sufficient to purchase only a small part of the lands listed for sale and consequently the program is in operation in only a portion of the counties originally planned. In the case of the nine counties discussed in this paper, the program at the beginning of 1936 is going forward in only three of them. Many misunderstandings on the part of local citizens, opposition of vested interests and office-holders, charges of too much government in business, and general government "red tape" have slowed up the program and weakened its appeal. However, many of the more far sighted agricultural and business leaders recognize the necessity of making these adjustments, and believe federal purchase is the most effective method of making them in many sections of the Great Plains area.

There is no intention or desire on the part of the federal government to purchase any more land in any area than the minimum necessary to enable a proper blocking out of efficient production units. Economic forces are and have been operating for some time through the crude law of the survival of the fittest to bring about the very conditions aimed at in the federal purchase program. But this is a slow and painful process. Is it not a more intelligent and civilized method to bring about these necessary adjustments through group action, planned and executed in an orderly way? The success or failure of the federal land purchase experiment will be a very important factor in determining future public attitudes toward the function of government in planning and assisting in the execution of readjustments in local production techniques and community patterns.

Note: Contribution from Montana State College, Agricultural Experiment Station, Paper No. 68, Journal Series.

Collegians Steal Legislators' Fire

Unhampered by political "ties that bind" college students enact model constitution and progressive legislation in annual conferences at Pennsylvania's state capital

MALCOLM L. WEBB

Chairman, 1935 Temple University Delegation Pennsylvania Intercollegiate Conference on Government

IS THE American college student interested in a public service or a public circus? Does he demand good government and an improved and trained public personnel? Does he insist that important public problems be handled efficiently and with dispatch, in accordance with the best available information?

If the annual Intercollegiate Conference on Government in Pennsylvania can be considered as an index, the college student is not only decidedly eager to study government in a more practical way, but is also desirous of influencing others through his study.

While the Pennsylvania state senate refused to relinquish its conservative position on capitol hill, a first intercollegiate unicameral legislature, free from politics of the conventional variety and from the influence of lobbyists, passed legislation as progressive as that of Governor Earle's house of representatives. This legislature, which met in April of last year, represented the second attempt of college students to dramatize state government on a large scale and to meet in a realistic way the actual conflicts with which such a government is confronted.

INTERCOLLEGIATE CONSTITUTIONAL CONVENTION OF 1934

In the spring of 1934 over two hundred college students from approximately thirty Pennsylvania universities and colleges convened at the state capitol in Harrisburg, and in three days framed a new and "model" constitution for the state. For the first time in the history of the commonwealth—possibly in the history of the nation—an intercollegiate constitutional convention had met in an effort to redraft a constitution of a state. Where the last constitutional convention held in Pennsylvania in 1873 took some eighty-four days, the collegiate representatives had less than three days in which to complete their work.

Remaining in Harrisburg over the week-end, the youthful delegates, actually representing all sections of the commonwealth, labored in committee and plenary sessions, emerging with a constitution that exhibited the trends of political thought in this new and difficult era. Pennsylvania's new "constitution" boasted such striking features as those calling for a unicameral legislature of not more than one hundred members, elected for a four-year term from not more than ten districts through a system of proportional representation; a provision for a legislative council to bring into harmony the legislature and the executive; a judicial council centralizing responsibility in the administration of the law; measures for social welfare; and a more powerful executive.

With the adoption of the constitution, the first state Intercollegiate Conference on Government had become a reality. Once the dream of many a college man interested in government, such a conference had been crystallized through the leadership of two students of the University of Pittsburgh. These students, John P. Bracken and Miss Genevieve Blatt, utilized their past experience in conference work, and notified the universities and colleges of Pennsylvania of a plan for an intercollegiate constitutional convention. The conference was a success, due largely to their intelligent interest and painstaking preparation. It was their plan, but their collegiate brethren showed not only that they wished to adopt it but that they desired to extend it. Consequently, with the close of the conference, the delegates requested the assistance of the sponsors in the organization and maintenance of an annual state conference on government. A continuation committee composed of one representative from each of the twenty-nine charter-member schools represented at this first meeting was then delegated to work with the founders in the formulating of plans for an annual Intercollegiate Conference on Government.

Tradition and liberalism were mingled in the production of the first intercollegiate state constitution. The resulting document was mimeographed and mailed to all of the delegates present, to the members of the general assembly of the commonwealth, and to other interested persons. The constitution was entirely the students' own. Faculty members were present but took no active part in molding its form; the college men and women, guided by past experiences and their knowledge of public questions, were free to act as they thought best. A consensus of opinion among both faculty members and men of public affairs alike acclaimed the collegiate constitution as a worthy instrument of government. One of the faculty advisors was heard to say that he would like to feel sure that a real constitutional convention would do as well, accordingly, as these young people did in less than three days.

THE SECOND CONFERENCE

It was to legislate under the constitution framed in 1934 that again over two hundred students from approximately thirty colleges and universities in the state convened in Harrisburg, this time to conduct the first unicameral state legislature in Pennsylvania to be held since the first state constitution was replaced by that of 1790.

Governor George H. Earle delivered the opening message to the prospective legislators, in an address broadcast over the radio from the spacious forum of Pennsylvania's new Education Building, the hall in which the legislature met. The Governor envied the ideal situation of a one-house legislature, free from the influence of lobbyists, and cited his own difficulties with a senate group which did not come up for reelection in 1934 and which was then engaged in blocking action upon important measures. "I am deeply interested in seeing how you settle such problems as the perplexing taxation question," stated the Governor. Hon. David L. Lawrence, Secretary of the Commonwealth, also addressed the conference members during the broadcast. Miss Genevieve Blatt, co-director, presided at the opening general session; John P. Bracken, the other co-director, was elected as the speaker of the legislature.

Following the addresses on Friday morning, the delegates retired to caucus rooms in the state capitol, where they spent the afternoon drawing up bills for presentation to the legislature. Ten committees were decided upon previous to the actual assembling of the conference, and the member schools had prepared to have representation on as many of these committees as possible. All proposals for legislation were referred to some one of them as follows: education, industrial relations, judicial organization, local government, natural resources and public utilities, old-age pensions, relief administration, social insurance, suffrage and elections, and taxation and finance. After a brief recess for dinner, the delegates met again in committee sessions in the Penn-Harris Hotel, where the conference headquarters were located. Subcommittees engaged in drafting bills labored on late into the night, sometimes to convene again at six or seven o'clock in the morning.

It was Saturday morning, in the absence of the general assembly over the week-end, that the hundred-member legislature attempted to solve Governor Earle's legislative problems. With the obstacle of two opposing houses removed, the students introduced and passed, by a necessarily simplified procedure, forty-five bills in a day and a half—a record equal to that of the closing hours of a regular legislative session.

Representation in the legislature was apportioned according to school delegations present and to the selections of the ten conference committees. Three members were selected from each of the ten legislative committees by the system of proportional representation to preserve the intent advanced by the constitution, and two were chosen by each school delegation to insure the participation of all of the schools in the actual work of legislation.

Progressive legislation included a plan for the modernization of the judicial system which provided for a judicial council, thereby greatly centralizing administration and responsibility. In the field of local government, many of the smallest units were eliminated and county consolidation effected. Only a single unit of local government was retained in Philadelphia and Allegheny Counties, and municipalities were given an opportunity to vote for a manager type of government. A progressive income tax was designed to relieve the burden on real estate, in so far as possible, and to do away entirely with sales and nuisance taxes. Liberal legislation in welfare and industrial relations was passed.

Perhaps the most contested and most exciting debate arose when a bill advocating state ownership and control of minerals, non-navigable streams, and forests was defeated by a vote of 29-26. A sounding of yeas and nays had failed to decide the issue, but a roll call vote spelled its defeat. Since the measure was apparently defeated by objection to details rather than to intent and purpose, the legislature referred the bill to a committee with instructions to report a compromise bill the next day. The report of this committee was adopted.

Adjournment Sunday marked the close of this second Pennsylvania Intercollegiate Conference on Government.

A NATIONAL PARTY CONVENTION

With the staging of an intercollegiate national party convention in April of this year, the Pennsylvania Intercollegiate Conference on Government marked a third milestone in its annual contribution to the dramatization of government.

Once again the students from all parts of the commonwealth assembled for a three-day stay at the capital, and once again student opinion was voiced and recorded on practical government "issues" of the hour. The conference departed, however, from its previous decision to confine itself to state and local affairs. This advance into the realm of national politics was a concession to the general interest in national problems in a presidential year, and it is believed the conference will again return to the state field with future meetings.

As in the former assemblies of the conference, students met in committee sessions first and then in plenary sessions for debate and for the adoption of the various committee reports. Subject matter was considered at this year's party convention under the following committee heads: agriculture, foreign relations, governmental organization, money and banking, natural resources and public utilities, social security legislation, taxation and government finance, and constitutional change. After taking a stand on each of these matters, the conference adjourned.

THE FUTURE OF THE CONFERENCE

Boasting a great and continued interest of the students of Pennsylvania colleges, the conference "marches on." It had reached the point where plans for permanent organization could be seriously proposed, and the adoption of a plan secured.

The adjournment of the "legislature" in April of last year brought with it a concentrated demand for permanent organization. Thus, previous to the recent third conference, a continuation committee was at work preparing not only for the next conference but for permanent organization. At this year's meeting a constitution was adopted providing for the preservation of the conference along the lines upon which it had been launched.

The new constitution crystallized the essence of the conference in stating that its purpose "shall be to foster an interest in governmental problems among the students in colleges and universities by dramatizing the activities of the government in an *unbiased, nonpartisan manner*." It further provided for an associate membership for institutions outside the state which might wish to participate. To bring the conference the benefit of general faculty advisorship without destroying the absolute student control of the conferences themselves, provision was made for *the central committee*, composed of two students from each member institution, to meet at times with the central advisory committee, composed of five members of the political science faculties of the participating institutions. The various conferences are headed by a director selected by the central committee.

EVALUATION OF STUDENT CONFERENCES

Students in attendance at the conferences were in practically all cases enthusiastic over their participation. Those that had taken part in other student conventions on government testified that this venture was in many ways unique and more attractive. The model assembly of the League of Nations, while now a well established student tradition, can rarely call forth an interest equal to that shown in these annual assemblies at the state capital. Students can feel the part, when dealing with local interests and state affairs, while on the other hand, it is more difficult for young college men and women of America to imagine themselves in the position of the Japanese, the Armenians, or the British. Then, too, the atmosphere of a large state capital is most appropriate. Students present at the conference feel assured that others will read of their activities; this contributes to a feeling of responsibility and the possession of a real and personal interest in the measures which they advocate. Furthermore, this conference is one truly of the students and by the students. Participation in such conferences bestows upon the student something in a practical sense more valuable than classroom attendance alone could hope to do.

Besides the value arrived at through the experience of meeting the problems which confront actual state governments, the participants become acquainted with many prospective lawyers, economists, political scientists, and teachers. A resolution was adopted at the close of the conference last year providing for the printing of the names of all members present in the proceedings, copies of which are sent to all present and to those interested. It would be interesting for those who receive these proceedings to glance back upon the names five, ten, twenty, or more years hence to see just how many of those present at the first intercollegiate legislature have by that time attained distinction in professional life or in public affairs.

At the beginning of this article, the question was asked: "Is the American college student interested in a public service or a public circus?" With the close of this third Intercollegiate Conference on Government in Pennsylvania, it might appear safe to infer that the college student is interested in good government—that as many might attend an academy of government as now attend the United States Military and Naval Academies.

Hon. Richard J. Beamish, former secretary of the commonwealth, when addressing the first Intercollegiate Conference on Government in 1934, referred with approval to the possibility of the development of an American youth movement. In Great Britain, college is a step toward the government service, which is a worthy and highly respected career. It may be that this interesting and novel experiment in Pennsylvania will be able to provide an incentive in this direction, if only it could awaken the taxpayer and the politician to the fact that youth demands a career in government and that in the satisfaction of this demand lies better government.

National, state, and local governments have recently demonstrated a greater willingness to turn to college faculties and college graduates for men to fill important positions in public service. Yet, while schools of commerce in our colleges and universities continue to prepare men for private business, relatively few institutions prepare men especially for public office.

Participation in conferences such as these bring college students into closer grips with the realities of government. Students in other states may well follow the lead of the college men and women of Pennsylvania. Colleges and governments might well pave the way for the expression of the desire of students for "better" government and for careers in government service.

THE SAGA OF A CITY
A New Concept of Government
By SAMUEL A. CARLSON
(Twelve times elected Mayor)

The distinguished executive of the city of Jamestown points the way to a type of municipal government free from the incubus of partisan politics. This marks an epoch in its advanced thought upon political economy and its exposition of a form of simplified rule with effective representation to civic rather than geographical minorities.

Dr. Charles A. Beard, historian-author, writes: "I am delighted to have this record of achievement. It is an illustration of the best feature of American Democracy."

Rear Admiral T. T. Craven, Former Federal Coördinator, said, "It is a fine presentation of what can be done."

Charles Stanton, Mayor of Rochester, N. Y., and President, New York State Conference of Mayors, said, "It is a most illuminating book. I feel amply repaid for having read it."

On Sale at Book Stores—$1.50

E. George Lindstrom Pub. Co., 310 Lakeside Avenue, Cleveland, Ohio

ADVT.

Redefining the Metropolitan Area

The wide variations between cities in area, density of population, and suburban relationships make it difficult to set up a definition applicable everywhere

ALBERT LEPAWSKY *University of Chicago*

THE metropolitan district is an international phenomenon.[1] There are thirty-six cities in the world with over a million inhabitants and few of these "milliontowns" have escaped the problem of defining their metropolitan area or the region of their greater city. This is true not only of New York which ranks first in population (6,930,000) and of the European capitals, London (4,397,000), Berlin (4,236,000), and Paris (2,891,000), but it is also the case in Tokio which ranks second (5,321,000), Moscow which ranks seventh (2,781,000), Shanghai which ranks fifteenth (1,486,000), and Mexico City which ranks thirty-fifth (1,005,000).[2]

In spite of the world-wide scope of the problem it is extremely difficult to formulate a uniform definition of the metropolitan district which would be useful on an international scale because of the wide variations between cities in area, population density, and suburban relationships. How capricious simple comparisons may be is indicated by the fact that Rome, which may be regarded as synonymous with the Greater Rome, is the world's largest city when measured in terms of area (766 square miles), but it ranks twenty-ninth in population (1,037,000). European census experts are now attempting to develop a uniform definition of the metropolitan district or the "agglomeration urbaine" under the auspices of the International Institute of Statistics, but except for emphasis on the fact that density of population seems to be an important factor for comparative purposes, not much progress toward a perfected definition has been made.[3]

The same difficulties hamper the adoption within each nation of uniform definitions for metropolitan districts. The German census speaks of the *Grossstadt,* but this term merely refers to the city of a hundred thousand or more inhabitants, and not to the metropolitan area. Some statistics have been presented in the English census for "industrial areas," and similarly for *industriegebiete* in the German census which go beyond the established municipal limits, but the boundaries of each such district were arrived at arbitrarily on the basis of purely local circumstances. The French census presents figures for built-up or agglomerated population (*agglomérée*) and scattered population (*éparse*), but these take into account no factor other than spatial concentration of population and offer no definable limits for the metropolitan district. The Czechoslovakian census speaks of "agglomerations" and in New Zealand data is presented for "urban areas" which cover a central city and its suburban surroundings, but in each case the areas which are regarded as suburbs depend upon local circumstances.

---

[1] The writer is indebted to the Social Science Research Council for the grant of a European Fellowship for the year 1933-34, through which he was able to observe at first hand the experiences of European governments on this and related questions; also to the Bureau of the Census to which he was attached as a special agent assigned to Europe.

[2] The statistics for the European cities refer to the years 1931 except for Berlin (1933), Mexico City (1930), and Tokio and Shanghai (1932).

[3] Henri Bunle, "Comparaison Internationale des Agglomerations Urbaines," XXII^{e} *Session de L'Institut International de Statistique, 1934* (The Hague, 1934).

In the United States a greater attempt has been made to develop a statistical and accurate definition. The "industrial area" used in the United States census of manufactures since 1905 has depended in slight measure upon the application of uniform measurable factors, but local considerations have always influenced the drawing of the area's limits. However, the "metropolitan district" of the United States census has since 1910 incorporated purely statistical factors. Under the 1930 census, a metropolitan district has the following general features: (1) A central city of at least fifty thousand inhabitants; (2) a total population of at least a hundred thousand in the metropolitan district, which covers the central city plus its "surrounding area"; and (3) included within the "surrounding area" are all adjacent and contiguous civil divisions with a density of at least 150 inhabitants per square mile. This is a precise and uniform definition but it is also a rigid one and commits the error of giving inadequate consideration to local circumstances. According to this definition an uninhabited rim around the central city may set the limits of the area too close in, and may exclude integral parts of the metropolitan community which happen to be just beyond these limits. Actual usefulness of definition has been sacrificed to uniformity.

The current American scene, however, calls for a more flexible and useful census definition and set of statistics relating to metropolitan areas. According to the 1930 census, 54,753,645 or 44.6 per cent of the inhabitants of the United States live in metropolitan districts. In spite of certain countertendencies, this figure may be expected to hold its own at the next census. In any case the designation of areas like the metropolitan district, which disregards traditional municipal boundaries, is of utmost importance. Regional shifts in American life are bound to accompany such programs as the depopulation of submarginal lands, subsistence homestead projects, regional projects like TVA, establishment of trade areas for the operation of commercial codes and cartels, urban and suburban migration and mobility, and the development of metropolitan housing and transport. Without a more accurate census definition and description of the metropolitan community than is now available, American government and enterprise will find itself handicapped in dealing with these newer regional developments.

SWING OF POPULATION

There is one measurable factor employed by European census offices which may be used to vitalize the definition and the study of the metropolitan district in the United States. This is what may be termed in American parlance, the swing of population. A measure of the daily swing of population would express statistically the daily interchange of population between city and suburb, between neighborhood and neighborhood within the city, and between one section and another of the metropolitan district. It would, moreover, make it possible to define the metropolitan area more accurately and more flexibly by indicating the territorial limits of the district in which there is a significant ebb and flow of population converging on the central city. It would be useful in presenting a moving picture of an urban region and not a mere static description of the metropolitan population. In England similar inquiries are referred to as "place-of-work" inquiries, in Germany as *pendelwanderung* studies, and in France as studies of *migration alternante.*

The English place-of-work inquiry was first incorporated into the 1921 census schedule for the purpose of providing information of value for the problems of transport and housing and for general industrial purposes. The information was presented in tabular form in order to show for each town of over twenty thousand: (1) Total night population; (2) total day population; (3) percentage of night population which lives in the municipality but does not work there; (4) percentage of night population which works in the municipality but does not live there; (5) net outward or net inward daily exodus, expressed as a percentage of the night population.

In addition to these general tables a separate work-place volume presented more detailed information for certain municipalities including the town of residence and the destination of those who took part in the daily movement of population.

Neither the German nor the French census has gone into the work-place question on such an elaborate scale. The German census schedule incorporates a place-of-work item, but statistics have been prepared on this question only for certain areas and for experimental purposes. In a detailed analysis, on a much more graphic scale than the English work-place inquiry, the *pendelwanderung* in the Leipzig area only (*mitteldeutschen industriegebiet*) was analyzed in a 1931 report of the German census office.[4] Since 1901, the French schedule has also contained a place-of-work question, and on the basis of this data the French census office has studied certain border departments and the Paris region, the latter being analyzed in a report issued in 1932.[5] Like the English data, the German and the French inquiries cover only daily movement of so-called "occupied" persons.

DIFFICULTIES MET

Certain technical problems were encountered particularly in England with respect to the exact designation of the work-place, tabulation of travelling agents or itinerants with no fixed work-place, the unemployed, the inflation of normal figures for certain areas as a result of the fact that the census was taken during the holiday season (June 19), and the detailed tabulation of the work-place data by districts. But these problems were handled with some degree of satisfaction. It will be noticed that the work-place question covered only the mobility of "occupied" persons, that is, daily movements in the course of employment. No attention was given to the daily drift of population for other purposes, such as school attendance.

In 1931 the English place-of-work inquiry of the 1921 census was not repeated. The reasons advanced by census officials were varied: the catastrophic events of the world war period were no longer present; the decision to have a quinquennial census after 1931 removed the necessity for meeting contingent statistical needs for a longer period; public economy was an important factor. On the question of economy, it will be noted that the cost of the census had risen from £4 9s 6d per 1000 persons in 1911, a figure at which the cost had fluctuated since 1871, to £9 5s 6d in 1921, and that the principal addition in 1921 was the work-place item. The cost of living index had, however, more than doubled between 1911 and 1921 and on a proportionate basis there had been no increase in cost at all.[6]

---

[4] Statistisches Reichsamt, *Vierteljahrshefte zur Statistik des Deutschen Reichs,* 1931, vol. 1, pp. 15, 132-148.

[5] Henri Bunle, "Migration alternantes dans la région parisienne," *Bulletin de la Statistique Général de la France,* July-September, 1932, vol. 21.

The use of the national census studies can be appreciated by the English experience, even though the work-place question was discontinued in the 1931 census. The data of the 1921 census had been extensively used by regional survey agencies, by transport authorities, by national ministries like the ministry of labor in defining unemployment figures for certain districts. Census officials were not in agreement in their opinions on the point, but it appears that there was considerable complaint about the deletion of the place-of-work inquiry in 1931.

LOCAL AUTHORITIES AID

As a matter of fact, official European experience with statistics relating to the metropolitan district is not limited to the national census authorities, and the inquiries and definitions of the national census relating to metropolitan districts are not sufficient to cover the needs of official and business agencies.

Municipal and provincial authorities in Europe have since about 1900 gathered partial data on the question of the swing of population through local census, through the examination of household or police lists and through the use of transport data. The compilation of such statistics is not limited to the countries we have analyzed. Zurich in Switzerland, Copenhagen in Denmark, Amsterdam in Holland, Stockholm in Sweden, and Budapest in Hungary have for certain periods, particularly since the World War, gathered such statistics, though much of this data refers primarily to intra-urban instead of interurban movement.[7] Even the League of Nations has become interested in the daily flow of population across international frontiers, which in certain regions of Europe takes on considerable proportions. None of these studies, however, has the completeness exhibited in the national census reports available in England, France, or Germany since frequently only test periods and only parts of the entire metropolitan or of the regional community are covered.

But in the definition of the metropolitan district, official municipal studies have had to go beyond the limits set by the national authorities in Europe, even for the independently defined capital cities of London, Paris and Berlin.

The metropolitan police district or the Greater London of the English Registrar General's office by no means covers the area of transport, housing and commutation, which may be regarded as important for the administration of metropolitan government. The London traffic area, coterminous with the Greater London regional planning area, delimits an official area for the control of transport and planning which goes far beyond the metropolitan police district or the Greater London of the English census. This broader district is roughly an area within a thirty-mile radius around Charing Cross and it probably conforms more with the increasingly wider area of mobility and metropolitan life. It contains 9,145,217 inhabitants, while the population of the official Greater London is only 8,202,818. *London Statistics,* the official publication of London County, covers the adjacent territory beyond Greater London in presenting statistics on a variety of subjects. The story of this broader London, which may be termed Metropolitan London, is a further commentary on the limitations of even the widest of the official Londons, now designating the sprawling world metropolis.[8]

---

[6] Though the basis of the cost of living index was changed after 1920 it is possible to compute the following index numbers of wholesale prices, 1900-100; 1911-109; 1921-236. United Kingdom, *Labor Statistics,* July, 1928, Cmd. 3140, pp. 128-129.

[7] Henry Bunle, Comparaison Internationale des Agglomerations Urbaines," *XXIIe Sessions de L'Institut International de Statistique, 1934* (The Hague, 1934).

Nor does the city of Paris or the department of the Seine embrace the wider Paris community. In what is now by common consent and by informal census definition the Greater Paris Region (la région parisienne), which includes not only the department of the Seine but also the departments of the Seine-et-Oise and the Seine-et-Marne, there are 6,705,579 inhabitants. An official municipal study involving the reorganization of government in Metropolitan Paris delimits a different area, referred to as *Le Plus Grand Paris,* consisting of the whole of the Seine and certain communes in Seine-et-Oise and Seine-et-Marne within a radius of thirty-five kilometers outside of Paris, as well as certain communes in specified cantons in the department de l'Oise.[9]

THE GERMAN DEFINITION

In Germany the leading cities have also found it necessary to establish their own definitions of the metropolitan area. Hamburg, Germany's second city, has been unable to withstand the artificial isolation which separates it from Prussia's cities of Altona or Harburg-Wilhelmsburg, and its planning and surveys on a metropolitan scale are among the most elaborate in Germany and in Europe.[10] Munich goes outside of its boundaries in its official reports involving its economic life.[11] Even Berlin, whose boundaries have in 1931 been extended to conform with the Greater Berlin, or Gross Berlin, is not regarded as coterminous with the entire region of metropolitan activity, and Berlin's official economic surveys and studies recognize some of the limitations of the Gross Berlin area.[12]

For business purposes, too, the European census designations of the metropolitan district are inadequate. Taking a broader view of the problem from an unofficial as well as an official viewpoint, the preference in Europe as well as in the United States would seem to rest with the kind of metropolitan statistics, which, like the swing of population data, presents a dynamic picture of metropolitan movement. This kind of data would leave each agency or enterprise free to redefine the metropolitan district for particular purposes by deciding for itself how much of a daily interchange of population it regards as important for the purpose in hand. If this information were available along with the other factors incorporated into metropolitan census statistics, it would also be possible to work out a more adequate general definition that could be applied on a national as well as a world-wide scale.

---

[8] Studies of Metropolitan London as well as of other metropolitan and regional problems in Europe are now being completed by the writer.

[9] Francois Latour, *Le Plus Grand Paris: Probleme D'Autorite* (Paris, 1931).

[10] See the publications of the Hamburgisch-Preussischer Landesplannungausschuss, Vol. 1-4 (Hamburg, 1932).

[11] Statistischer Amt der Stadt München, *Die Quellen Des Münchener Wirtschaftslebens* (München, 1930).

[12] Statistischer Amt der Stadt Berlin, *Berlins Wirtschaftliche Verflechtung* (Berlin, 1928).

CONCLUSION

To summarize, then, the metropolitan district with its central city and its independent suburban municipalities is an international phenomenon, but no European census office has developed a uniform definition for the metropolitan district comparable with the definition of the United States census. The United States definition itself, however, is too rigid and does not pay enough attention to the possible variations of particular metropolitan districts. Nevertheless, certain European experiences, particularly those arising from census studies of the place of work or the daily ebb and flow of metropolitan population, are applicable to the American scene. This phenomenon which may in American parlance be termed swing of population can be measured by an additional question in the census schedule covering the place of work or better still the "place of daily activity." European experience indicates that the financial and technical questions involved in such an added inquiry do not offer great difficulties. If a "place of daily activity" question is incorporated into the census schedule, it should not refer merely to "occupied" persons, but also to students, and to others who normally enter into the daily interchange of population between residence and place of activity. The resultant information need not be tabulated in detail, and statistical treatment could be very general except for particular areas which required detailed analyses of the exact sources and destinations of those involved in the daily swing of population.

Swing of population data would present a moving picture of the population and would add to the census a dynamic element of great utility under the mobile conditions which prevail in the United States. For the particular purpose of developing a uniform definition of the metropolitan district, it would be an additional factor which could be employed along with other factors, such as distance from the central city, adjacency and contiguity, density of population, and perhaps built-up area. For the more general purposes of metropolitan survey and administration, it would provide a uniform and flexible statistical basis for the study of metropolitan ecology; it would be useful as a measure of intra-city movement and activity as well as interurban, suburban, and metropolitan activity; it would be of particular value for the planning and administration of transport and housing; and it could be flexibly applied so as to permit each agency or enterprise, official and unofficial, to redefine its metropolitan district for its own particular purpose.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Council-Manager Plan Developments.—In Atlanta, Georgia, the city council committee on charter revision recently approved holding an advisory referendum on the adoption of the manager plan at the primary on September 2. If the vote is favorable, the mayor will be required to appoint four councilmen and three citizens to draft a charter for submission to the January 1937 session of the state legislature. Five successive grand juries have approved the manager plan for Atlanta, and many leading civic organizations are reported to be giving it their support.

The Citizens' Committee on Los Angeles city government has just issued a ten-page mimeographed folder entitled "The Council Manager Plan Proposed for the City of Los Angeles." This committee is headed by L. A. Guiton, and Russell H. Ewing of the University of Southern California is technical director.

At a meeting in May in Roanoke, Virginia, it was unanimously recommended by representatives from all parts of the country that a petition be drawn up for a special election on county-manager government for Roanoke County. It is necessary to obtain six hundred signatures on the petition. The Ludlow, Massachusetts, Civic League is renewing its drive for the adoption of the manager plan. In Little Rock, Arkansas, where a proposal for city managership was defeated at a special election in November 1934, petitions are said to be in circulation which seek another special election and the naming of a charter committee.

The Proposed Pomona Charter.—The board of freeholders, elected April 1, 1935, in Pomona, California (20,804 population), recently filed a proposed council-manager charter with the municipal authorities for submission to popular vote on November 3, 1936. Popularly elected officers are limited to a council of seven, a board of education of five, and a police judge. Nomination to four of the offices in each policy-forming body is by ward, but election is at large. Three members of the council and one of the board of education are nominated, as well as elected, at large. The council chooses the mayor from its membership, and the board of education chooses its president.

Besides the manager, the auditor-clerk and the attorney are appointive by the legislative body. All other municipal employees are appointed and removable by and are directly responsible to the manager. Authority over personnel, accounting, budgeting, purchasing, and supervisory matters is specifically protected from political interference and is placed exclusively in the hands of the chief administrative officer. The council as a body, but not individually, may investigate the operation of municipal affairs, and, at any time by a four-sevenths vote after notification, may dismiss the manager. The auditor-clerk issues and countersigns all warrants upon demand of the manager, being responsible for their legality and their provision within the appropriation ordinance.

The most interesting and unique provision of the proposed charter is the vote-and-a-half system of election. This particular plan was studied and developed during 1934 by a section of the Commonwealth Club of California (reported in "Transactions", Vol. 29, No. 8, January 22, 1935). It is a modified nontransferable preferential plan with the second choice vote weakened to half value, and was designed with specific reference to the question of validity under California's constitution, which has been so interpreted as to prohibit proportional and transferable voting methods.

Direct legislation is provided in the charter in the form of initiative and referendum, but a limit of one such special election of each type per year is established. The limitation may be overcome by depositing funds adequate to pay the costs of a second election; if the electorate supports the sponsors or petitioners, the deposit is returned. Similarly, recall is not applicable to an elective official for six months after taking office, and is limited to one attempt each six months thereafter unless funds to cover election costs are submitted with the petition. A recall ballot includes the specific question of the recall as well as the list of succeeding candidates to the office, no vote for a candidate being effective, however, unless the question of recall has been voted on.

Although requiring that purchases in excess of five hundred dollars be awarded to the lowest responsible bidder, and that the sale of public property be by auction, the proposed charter provides that the trade-in of used equipment may be considered as a partial payment on purchases. The lowest *net* bid then becomes acceptable. This method avoids the difficulty and escapes the loss attending the usual combination of sale by auction and purchase by bid.

Pomona now operates under a modified mayor-commission charter. Los Angeles County performs the municipality's health, assessing, and tax-collecting functions on a contract basis, an arrangement for which the new charter provides continuance.

O. W. Campbell
University of California

*

Enabling Laws for Planning and Zoning.—Seven kinds of enabling acts on planning, represented in a total of nearly two hundred laws passed by the forty-eight states within the past dozen years, make it possible for practically every political unit to enter into some form of this governmental activity, according to a compilation released by the American Society of Planning Officials.

All forty-eight states have enabling acts for city zoning. City planning enabling legislation is found in thirty-eight states, although five provide for local legislation. State planning boards are permanent in thirty-three states, and governor's boards or commissions in thirteen more. Twenty states allow county planning and twenty-two grant official status to regional planning by counties or metropolitan areas. County zoning is lowest on the list. Only ten states have seen fit to follow the example of Wisconsin, which in 1927 passed an act permitting this aid to control of land use in the interest of effective state planning.

Besides Wisconsin, the states of California, Illinois, Indiana, Michigan, Tennessee, and Washington have county zoning enabling acts, while Georgia, Minnesota, and Virginia have passed special laws for certain counties. California counties, however, are the only ones that have begun to make much use of the enabling law. Orange County, California, recently adopted a novel law which divides the county into general districts but which permits more detailed and intensive zoning of any section desiring it, within the structure of the general ordinance.

*

Voluntary Associations in the Public Administrative Field.—Public Administration Clearing House, Chicago, has just published the third edition of its biennial "Directory of Organizations in the Field of Public Administration," which brings together in one volume brief descriptive statements outlining the purposes of more than five hundred national organizations, and lists in addition 1,220 state groups, seventy-nine regional organizations, and 87 in Canada. The directory is limited to those voluntary associations which are concerned with some one or more phases of public administration, national, state, or local. They are composed of public officials, professional and technical men, and laymen.

*

Permanent Registration in Illinois.—The Illinois legislature in June passed the "honest elections" bill, which provides for permanent registration of voters in all cities with election boards. These include Chicago, a few of its suburbs, and nine down-state cities. Others can adopt it by referendum The bill requires that persons registering to vote sign duplicate cards, one of which is to be compared with the voter's signature when he asks for a ballot at the poll. Governor Horner announced that he would sign the bill, which is to be effective July 1.

*

New Community Planning and Housing Courses.—The School of Architecture and Allied Arts of New York University has announced the establishment of two new courses in its curriculum for the year 1936-1937, one being on the urban community and the other on housing. An occasional seminar on housing and community planning will also be held; project studies and other practice work will be arranged, exhibits will be presented from time to time, and the New York Municipal Art Society offers a series of lectures on municipal art. The courses are in charge of Dr. Carol Aronovici.

*

Local Government Round Table.—In connection with the tenth annual Institute of Public Affairs at the University of Virginia, July 5 to 18, there will be a round table on the subject of local government, led by Professor Arthur W. Bromage of the University of Michigan. It is designed primarily for the benefit of the teachers of local government in a representative group of southern colleges and universities, who have been invited to attend its sessions as guests of the institute. A limited number of outstanding local officials will also be invited to attend and to participate in the discussions.

It is announced that the purpose of the round table is to encourage and vitalize the teaching of local government in the south and thereby, it is hoped, to promote a more intelligent public opinion and a more capable leadership with reference to local governmental problems in this area.

An outline of the program follows:

> July 6, County Home Rule in New York, Ohio, and Virginia; July 7, The County Manager Plan in Operation; July 8, The City Manager Plan in Operation; July 9, Problems of County Government Relative to the South; July 10, Problems in County Consolidation: (a) Functional Consolidation in Virginia Counties; (b) Consolidation of Counties in the South; July 11, Local Government Surveys; July 13 and 14, Federal-State-City Relations; (a) State-City Relations; (b) Federal-City Relations; (c) Interstate Coöperation; (d) The Ability of Local Units to Finance Relief Costs; July 15, Conflicting Taxation; July 16, Personnel Administration in Cities and Counties; July 17, Training for Public Administration; July 18, Problems in Public Welfare Administration.

*

Legislative Councils for Virginia and Kentucky.— The lead of Kansas, Michigan, and Wisconsin has been followed by Virginia and Kentucky in the creation of an advisory legislative council in each state. According to *State Government,* official publication of the Council of State Governments, the Virginia council is "to make an investigation and study of any matter or question which may be referred to it by the general assembly, and to submit a report . . . at least thirty days prior to the next regular session of the general assembly . . . " and to furnish the same service to the governor whenever it is requested. Seven members, all of whom are to be appointed by the governor, make up the council, and five of them must be members of the general assembly. The Kentucky council is almost identical in composition to a commission on interstate coöperation, and represents the state in the Council of State Governments. In addition to the five senators, five representatives, and five administrative officers making up the council, the governor, lieutenant-governor, and speaker of the house are *ex-officio members.*

*

New York Thirty-fourth State with Approved Old-Age Pension Plan.—The Social Security Board in Washington announced on June 20 that New York State's old-age assistance plan had received its approval and that the federal government would grant $7,500,000 to that state in the coming year, to match the state and local portion. New York is the thirty-fourth state to have its old-age pension plan approved by the board, and brings the number of needy aged persons cared for under coöperative federal-state programs to some seven hundred thousand.

*

Governmental Survey of St. Petersburg, Florida.— The report of a complete financial and administrative survey of the city of St. Petersburg, Florida, was presented to the city manager and council on June 10 by the

Consultant Service of the National Municipal League, of which service Dr. Thomas H. Reed is director. The survey extended over a period of three months, and the report covers findings and recommendations as to many topics, including deferred maintenance; necessary capital improvements; debt service; delinquent taxes, tax liens, and the ability of the community to pay taxes; the efficient area for the city; the condition of the municipal utilities and means of increasing net revenues thereof; miscellaneous sources of revenue; a tentative budget and tax set-up; and recommendations for solving the city's financial problem as a whole.

*

New Jersey's Relief Situation.—Upon the ending of the annual session of the New Jersey legislature on June 19 it was believed that Governor Hoffman would be forced to call a special session immediately after the general election in November, to make more money available for relief until the next legislature, which convenes in January 1937, has an opportunity to deal with the problem. Since mid-April both the administration and financing of relief have been on the shoulders of the local governments, with inadequate resources in most cases to last through the year. Some of the municipalities, notably Trenton, with its city manager government, have handled the problem very effectively, at least from the standpoint of efficient, economical, and honest administration and with reduction of the amount of relief aided by a coöperative realization of the cities' difficulties on the part of those on the relief rolls. Beginning July 1, local relief will be supplemented by a $6,000,000 equalization fund, administered by a state financial assistance commission, headed by the governor. This is possible because of the Dorrance inheritance tax (see page 429). The commission can also prosecute local officials found to be improperly administering relief.

*

Institute on Regional Development Considers Southern Problems.—During the second half of June there was held at the University of North Carolina, Chapel Hill, N. C., an Institute on Regional Development, said to be the first of its kind in this country. The institute dealt with the regional problems of the south, with the purpose of giving practical effect to the results of research, or, as described by Dr. Howard W. Odum, director of the University's Institute of Social Science, who called the new institute together, "to bridge the chasm between scholarship and reality, between research and administration." Nearly fifty southern experts in the major sciences involved and guest specialists from other parts of the country coöperated in the preparation and discussion of committee reports. Regional planning, looking to the proper development of agriculture, industry, institutions, and population, was stressed.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Indiana—Reorganizes for Welfare Administration.—At a recent special session, held for the purpose of bringing state legislation into line with the requirements of the federal social security act, the Indiana general assembly enacted a new public welfare law reorganizing state and local machinery for welfare administration and making certain changes in existing provisions for financing welfare activities.

By the terms of the new law, each county is provided with a county department of public welfare, to be administered by a county board of public welfare consisting of five members appointed by the judge of the circuit court. At least two of the five members of the county welfare board must be women, and not more than three of the members may be adherents of any one political party. Appointments to the board are made for staggered four-year terms. The county board of public welfare appoints a county director to serve at the pleasure of the board.

The county welfare department is charged with the administration of old-age pensions and mothers' aid. Under previous legislation, the old-age pension system was administered by the board of county commissioners while mothers' aid was dispensed by the county board of children's guardians, an agency which is abolished by the new act. The maximum old-age pension is increased from fifteen to thirty dollars per month and the residence requirements are modified to conform with the federal statute. The minimum age required of persons receiving old-age pensions remains at seventy until July 1, 1938, after which date it is to be sixty-five. In addition to the administration of old-age pensions and mothers' aid, the county welfare department is charged with the performance of certain other welfare functions, including the investigation of applications for pensions for the blind. It is to be noted, however, that the administration of ordinary outdoor relief remains in the hands of the respective township trustees, the proposal to transfer this major welfare activity to the new county department being successfully blocked by the Indiana State Association of Township Trustees and allied organizations.

Provision is made whereby two or more counties may, upon agreement by their respective welfare boards and with the approval of the state welfare authorities, unite to form a district department of public welfare to serve the counties concerned. In the event of such action, the welfare boards of the counties comprising the district are to constitute a district board for the selection of a district director.

A high degree of state supervision and control over county and district welfare departments is vested in the state department of public welfare established by the new law. This department is under an appointive board of five members, which board, with the advice and approval of the governor, appoints an administrator who serves as the executive officer of the department. Local welfare budgets are reviewed by the state department before their presentation to the respective county councils for adoption; and appeals by applicants who have been denied assistance by the local welfare departments are heard and determined by the state department. The state department may require reports from the local departments, and may order the removal of any county or district director. The formation of welfare districts requires the approval of the state department. Appeals may be taken to the state board of tax commissioners from reductions in local welfare budgets made by county councils or county boards of tax adjustment.

According to the terms of the new law, counties are to be reimbursed from the state treasurer to the extent of 60 per cent of their expenditures for old-age pensions and mother's aid. Under previous legislation the state paid half of the cost of old-age pensions but the cost of mothers' aid was borne entirely by the respective counties. Pensions for the blind continue to be paid by the state.

CLYDE F. SNIDER

University of Illinois

*

Tennessee—Hamilton County Organizes for Manager Government.—The Volunteers, whose object it is "to effect a real reorganization of government in Hamilton County," is drafting a county manager bill to be introduced in the Tennessee legislature in January 1937. It is expected that the bill will provide for the election of a county council of five members for a term of four years, this council to appoint a county manager whose term of office shall be at the will of the council.

The organization is seeking to secure the nomination of legislative candidates, at the Democratic primary to be held August 6, who will be sympathetic to the manager plan. In Tennessee the winning of nomination at the Democratic primary is, of course, paramount to election. Small and mass meetings are being held throughout the county with speakers on the manager plan. The three newspapers of the county are supporting the project.

Mr. Harry Bickers, secretary of the Volunteers, writes: "The Volunteer project is primarily being pushed forward by the younger people who have taken charge of the campaign and are the executive committee, but we are securing much needed support and assistance from the older people of the county."

*

Nebraska—Douglas County Loses Again.—The Supreme Court of the state of Nebraska has recently denied the request for a re-hearing on the county manager plan for Douglas County (Omaha). The manager plan of government was adopted in that county at the polls in November 1934, but was held unconstitutional by the Nebraska Supreme Court on March 3 of this year.[1] This adverse decision, in view of the sustained effort on the question over a period of three years by the Association of Omaha Taxpayers and others, is extremely disappointing.

---

[1] See the NATIONAL MUNICIPAL REVIEW for March and April 1936.

It will now be necessary for those interested in county government to endeavor to get a bill through the legislature next winter within the boundaries set up by the court. It is also planned to make an effort to secure provision for a constitutional amendment to be voted upon at the general election in the fall of 1938.

*

Governor Lehman of New York has signed the Nassau County charter bill, recently passed by the legislature. (See the June issue of the Review.) The act will now go before the voters at the November election.

*

Michigan is voting this coming November on a constitutional amendment for county reorganization.

*

At a recent meeting in Roanoke, Virginia, it was recommended unanimously that a petition be drawn up asking for a special election on county-manager government for Roanoke County.

TAXATION AND FINANCE

Edited by Wade S. Smith

The Mississippi Legislature Faces the Tax Problem.—No legislature ever meets without passing several measures relating to taxation, and the Mississippi law-making body proves no exception.

While economists seek an answer to the query, Is the sales tax a consumers' tax?, the Mississippi legislature has recently enacted an affirmative answer to the question. A Mississippi statute provides that the sales tax shall be paid by the consumer as an addition to the regular purchase price. Fifteen million sales tax tokens of one and five mills denomination are to be put into circulation, so that the exact amount of the tax can be paid on small purchases. The advocates of the tax fear that this law is the first step toward a repeal of the sales tax. They claim that the use of tokens will make it so obnoxious to the public that public opinion will demand its repeal. The opponents are silent.

To assist recently elected Governor Hugh White, lumberman, in his program of "balancing agriculture with industry," the legislature provided for an extension of the five-year ad valorem tax exemption for new industries. Industries thus favored include garment factories, shipyards, silk and rayon mills, various food manufacturing establishments, plants for making native building stones, aeroplane factories, and establishments using tung oil. (Mississippi is making a concerted effort to develop the tung oil industry and now has the largest tung oil tree grove in the country.)

The state ad valorem tax was raised from four to eight mills, with the governor empowered by executive order to reduce this amount for 1937 or 1938 to not less than four mills.

A tax on chain stores was enacted, with payments ranging from three dollars each for two stores to three hundred dollars each for forty-one or more stores. Service stations and exhibit rooms of certain public utilities are exempt from the provisions of the law.

One and one-fourth cents per gallon of the excise tax on gasoline has been set aside by the legislature for payment of principal and interest on the $23,000,000 road bonds to be issued for the construction of a system of hard surface roads throughout the state. Tax evasion of dealers shipping gasoline as kerosene was sharply reduced by the creation of a motor vehicle commissioner whose duties included sole control of the taxes on petroleum products.

Municipalities have been empowered to tax privileges to within 50 per cent of the tax imposed by the state, provided the privilege has not been duly licensed for a state-wide purpose.

Owen Cooper

University of Mississippi

*

Court Upholds PWA Power Loans to Cities.—The Public Works Administration's $200,000,000 program to aid municipalities in financing publicly-owned lighting plants was again upheld when, on June 4, Chief Justice Alfred A. Wheat of the District of Columbia Supreme Court ordered dismissal of seven suits filed by four southwestern power companies to restrain Secretary Ickes from allocating nearly $500,000 to eleven towns in

Texas, Alabama, Oklahoma, and Iowa for municipal power developments.

In his decision, Justice Wheat followed the precedent of the United States Circuit Court of Appeals for the Fourth Circuit which, last February, (in Greenwood County, South Carolina, vs. Duke Power Company) upheld the constitutionality of the National Industrial Recovery Act of 1933 in so far as it related to the PWA's power program. Similarly cited was the Court of Appeals decision holding the 1935 extension of the 1933 act unconstitutional (Town of Franklin vs. Tugwell), which the court held applied only to the housing provisions of the act. Justice Wheat found the PWA program "a reasonable, practical, and substantial compliance" with the act, in so far as the contention of the power company attorneys went that there was unlawful delegation of legislative power to the executive.

Right of the cities to receive, however, and of the federal government to grant, funds for the construction of municipally-owned power plants is by no means established by the decision. Counsel for the four private power companies immediately announced intention to appeal to the District Court of Errors, from whence the case will go regardless of outcome to the United States Supreme Court. Further, the appealed Duke Power Company case will be argued before the Supreme Court in the fall also. This case now occupies a key position in the PWA's legal defense, and should the Circuit Court of Appeals be reversed, the PWA program in so far as it related to municipal power plant grants will be virtually terminated.

*

Santa Claus Comes to New Jersey.—Embarrassed by factional fights between divergent groups of the Republican majority in which the Democratic members refused to lend a hand, New Jersey's state legislature miraculously escaped further immediate consideration of the state's acute revenue-for-relief problem late in May when the United States Supreme Court refused to review the decision of the New Jersey Court of Errors and Appeals upholding the state's right to collect inheritance taxes from the estate of the late John T. Dorrance, Camden and Philadelphia soup manufacturer.

The Supreme Court's refusal to reopen the case confirms the state's efforts to collect the levy, and will pour nearly $17,000,000 of tax and penalties into New Jersey's relief-depleted treasury. The windfall was anticipated as early as 1934 by the state solons, who in that year contingently authorized its expenditure. Legal authorities hold, however, that the funds can be used now for any purpose the legislature sees fit to designate.

Painful to the estate, which has already been compelled to contribute a like sum to Pennsylvania, the involuntary "bequest" nevertheless gives Jersey legislators an "out" from a situation which was becoming daily more complicated. Taxpayers had already indicated their refusal to stand for a state sales tax. The legislators themselves have consistently shied away from even serious mention of a personal income tax. And municipalities have been already debt burdened to a point making their assumption of the relief costs on the hitherto prevailing scale impossible. But now, Santa-Claus-like, the inheritance tax collector and his lawyers have performed the miracle, and funds are at hand to postpone the evil day.

Whether the postponement is for long or not remains to be seen. There may yet develop difficulties in the actual collection, and the exact amount may be subject to further adjustment. Meanwhile, however, Jersey municipalities, wholly without state aid, have inaugurated a new relief policy. While as yet only scattered reports are available, many cities are said to have drastically curtailed relief rolls under the pressure on local treasuries to such an extent that Washington is reported to be keenly interested in the procedure under which local responsibility for relief seems to be resulting in less relief being dispensed.

*

Recent Legislative Developments.—Moderation, or perhaps just legislative fatigue, settled over the state law-makers during the first six months of 1936, bringing a startling decline in legislation of the type heretofore passed in profusion to ameliorate the sad plight of the ad valorem taxpayer. Most unusual was a growing unpopularity of the sales tax, hitherto madly clasped to legislative bosoms as the sure source of property tax relief. Tax moratoria, while continuing in sufficient numbers to indicate that the idea is still popular, were on the whole conceived with more of an eye to tax collections and less to votes. In spite of continued agitation, tax limitation laws, homestead exemptions, and the other panaceas have yet to appear on the legislative reports for the year as laws.

Colorado was the only state to enact a new sales tax, H. B. 13, imposing a 2 per cent use tax on the purchase price of all tangible personal property for the storage, use, or consumption thereof. Property on which a sales tax has been paid is exempted.

Kentucky repealed its sales tax on January 15, the revocation having been a major plank in Governor Chandler's campaign. Only one vote was cast against the repeal in the entire legislature. Maryland allowed its emergency gross receipts tax to expire March 31, replacing it with additional liquor taxes and new levies on admissions and cosmetics and by additional corporate franchise taxes.

In Oregon the sales tax proposal was defeated again at a referendum on January 31 and an initiative petition is now being circulated to amend the constitution to permanently prohibit the imposition of a sales tax, excise or license tax on the privilege of growing, producing, manufacturing, processing, selling or dealing in any article of food for human consumption. The amendment will be submitted to popular vote in November.

The Oklahoma Supreme Court permanently enjoined the gross income tax law, not passing on its constitutionality but ruling that the manner in which the question was submitted to the people at a special election was invalid. Alabama's Supreme Court held that state's proposed sales tax law unconstitutional in an advisory opinion to the House of Representatives. Certain provisions of the Idaho sales tax law were held unconstitutional by the Idaho Supreme Court, but since they are separable they do not affect the remaining portions. In West Virginia the state Supreme Court voided a sales tax law in the city of Bluefield, holding the municipality had no power to enact such legislation.[1]

On the tax moratoria side of the picture, New York authorized county tax collectors to extend the date for current tax collections to June 1, empowered the state tax commission to reduce interest on delinquencies to not less than 6 per cent per year in consideration of partial payment, and made minor changes in delinquency dates in several counties. New Jersey continued her installment payment system, the legislature permitting amortization of arrears over five years if current taxes are paid. Virginia permitted governing bodies of cities and towns to release interest, penalties, and costs on taxes due up to and including 1935 if the tax was paid by June 19, 1936; authority was also granted cities and counties to postpone tax sales for all years to and including 1935, for a period not to exceed three years.

South Carolina in a variety of special laws applying to individual counties lowered interest rates, postponed delinquency dates, and authorized installment payments of accrued delinquencies.

A Nebraska penalty and due-date moratoria law was held unconstitutional by the state courts, and several Illinois statutes permitting extended amortization of tax arrears at special terms were similarly invalidated.

Alabama wiped out the fee system for tax collectors in counties of from 80,000 to 100,000 population, and required the separate listing and valuation of homesteads on the tax rolls. In Florida, scene of recent devastating homestead exemptions, tax limitations, and debt-readjustment rough and tumble contests, a movement was initiated to abolish the ad valorem tax altogether.

*

Debt Adjustment Again Wide Open?—The obstructing hand of the minority creditor again casts its shadow across numerous municipal debt readjustment programs. This is the conclusion as numerous notes and comments, some moderate and hopeful, others violently indignant, begin to pour in on the Supreme Court's five-to-four decision voiding the municipal bankruptcy act of 1934.

Originally enacted after bitter legislative debate to cope with the minority bondholder blocking debt readjustments by single-handed hold-out against refunding plans acceptable to everyone else, the so-called Sumners-Wilcox law of 1934 had only just been extended to

---

[1] See *Taxbits* (Tax Policy League, 309 East 34th Street, New York City), June 1936, for a discussion of recent sales tax trends.

1940 when the court's verdict threw it into the discard. Basically, the act provided a means whereby a distressed local governmental unit might carry its readjustment program into the federal courts under the bankruptcy law and, with the consent of a varying percentage of the bondholders, enforce on minority creditors a plan acceptable to the majority and approved by the court.

The reasoning of the court majority seems to many based on a limited conception of local government. Justice McReynolds, who wrote the majority opinion, said of the respondent Cameron County Water Improvement District No. 1: "Its fiscal affairs are those of the state, not subject to control or interference by the national government, unless the right to do so is definitely accorded by the federal constitution." The dependence of the local government upon the state was construed within the narrowest limits, and the court held that the same inhibition which prevents federal taxation of the state prevents federal interference with the contractual relationship between subordinate units of the state, notwithstanding the power of Congress to legislate on the subject of bankruptcy and the consent of the state required under the statute in question. The court laid considerable stress on the hypothesis that an extension of the law to states themselves on an involuntary basis would obviously be unconstitutional, hence the application to state instrumentalities on a voluntary basis was but a matter of degree.

The minority opinion, written by Justice Cardozo, and concurred in by Chief Justice Hughes, Justice Brandeis, and Justice Stone, dealt cogently with the legal vacuum of federal-state-local relationships. Tracing the growth of bankruptcy law from its early limited application, Justice Cardozo stressed the need for a remedy and the fact that the municipal debt readjustment act paralleled the principles of bankruptcy law heretofore promulgated. He held that states' rights were not violated, the constitutional power to legislate on the subject of bankruptcy being in this case amply buttressed by requirements for state consent, voluntary action by the local unit, and "a sedulous regard to the structure of the federal system." He noted that Texas had specifically empowered its local units to proceed under the federal law.

The minority differed sharply with the prevailing opinion on the effect of the federal inability to tax states and the constitutional safeguards to contracts. Since a state could consent to be taxed by the federal government, said Justice Cardozo, so it could consent to the "indignity" of federal legislation affecting the local units' bond agreements. As to the effect of an instrumentality of the state appearing in court, he pointed out that at present municipalities may be brought into court as in mandamus proceedings against their wills, and it seemed clear that a local unit could consent to appear in a bankruptcy action.

Some attempt will undoubtedly be made to re-enact the law. Representative Wilcox, whose own state, Florida, is one of the chief sufferers from hi-jacking minority bondholders' activities, announced in June that he had introduced a bill with a clause confining its action to municipal debts in existence at the date of approval. Chairman Jesse H. Jones of the Reconstruction Finance Corporation was said to be actively interested in the bill.

Though less than a hundred local units have taken action under the law now declared unconstitutional, the confusion resulting from its collapse is likely to extend farther than the court cases actually extinguished by the decision. Commentators on the realities of municipal debt readjustment have been quick to point out that the effectiveness of the act has been greatest in its potentialities to discourage attempts at minority hold-outs. With that threat abolished, it seems certain that mandamus proceedings and all the rest of the legal manoeuvering of the purchasers of so-called "five-and-ten" defaulted bonds will resume their operations to balk plans which otherwise could be amicably, if not quickly, settled.

But, as *The Bond Buyer*, New York, says: "It now remains to be seen whether the remaining defaults can be cured in an orderly manner or whether municipalities and creditor groups must go through an additional long period of legal warfare—'caught in a vise from which it is impossible to let them out,' as Justice Cardozo puts it. And, of course, there is the next major depression and its municipal defaults to be considered."

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

A P. R. Voting Machine.—Among the most persuasive arguments against P. R., in spite of their essential triviality, have been the objections that it required several days to get the result in a large election and that it required paper ballots and hand counting, both of which in plurality elections without the safeguards of a central count have acquired an evil reputation. In connection with the possible early use of P. R. in New York City, where these objectives would be stronger than ever psychologically, an effective answer to them has now been devised.

The International Business Machines Corporation has invented a thoroughly practicable P. R. voting machine. The voter turns a first-choice dial until the name of his first choice appears, a second-choice dial until the second choice appears, and so on for as many choices as he wishes, up to twenty. He can write in names for candidates not regularly nominated or choices above twenty if he should insist on these usually empty rights. He can change his choices as long as he remains in the voting booth. To spoil his vote is impossible unless he does so in the process of writing names in. When he leaves the booth, the curtain lever punches a card with holes whose positions indicate his choices, drops the card into a box which can only be opened at the central counting place, and clears the machine for the next voter.

The cards are sorted and counted at the rate of four hundred a minute, on standard sorting and counting machines which are in extensive use for other purposes. It has been estimated that, by using a number of these machines simultaneously, the final result of a P. R. election in New York City can easily be determined by some time in the morning of the day after election.

A dummy model of the new voting machine and samples of the ballot cards that would be punched by it were first shown to the public on June 9 at the annual dinner of the New York Citizens Union, at which the members of the New York City Charter Revision Commission, through whose unanimous decision the adoption of P. R. will be voted on in the city November 3, were guests of honor. An account of the machine in the New York *World-Telegram* the day of the meeting said, "A representative of the *World-Telegram* . . . found it less complicated and bewildering than the voting machines already in use."

The model is now on display in the offices of the Citizens Union, 41 Park Row, New York City, as is also the sorting and counting machine with a thousand P. R. ballot cards to illustrate its use.

*

Columbus May Vote on P. R. This Fall.[1]—Last spring, after the defeat of a proposed three-mill levy in Columbus and after about half of the policemen and firemen and other municipal employees were dismissed, a movement was started for the city manager plan. Mass meetings were held and a drafting committee created to revise the Columbus charter. This committee made only such changes in the existing charter as would be necessary to establish the city manager plan. Petitions were circulated and, when what seemed to be enough signers was secured, they were presented to the city council to go on the ballot at the May primary. However, six out of seven of the members of the city council were decidedly unfriendly to the city manager plan and refused to put the question on the ballot on the ground of insufficiency of signers. Forty per cent of the names were declared invalid.

The movement for the adoption of the city manager plan has been revived and a drafting committee created under the chairmanship of Professor E. Allen Helms of the political science department of the Ohio State University, and including Professor Robert M. Hunter of the College of Law, Ohio State University; R. E. Miles, Director of the Ohio Institute; John M. Lewis, ex-city councilman and lawyer; and Professor Harvey Walker of the department of political science, Ohio State University. This committee has drafted an entirely new charter and included provision for the election of city council by proportional representation. A City Manager League has been formed, new petitions are being prepared, and it is hoped that the issue will go before the voters at the November election. If this new charter is adopted at that time, it will go into effect in the autumn of 1937.

---

[1] The information contained in this note was received from Professor E. Allen Helms of Ohio State University.

*

Massachusetts P. R. Bills Defeated After Favorable Report.—Though eventually defeated, P. R. proposals made more progress in this year's session of the Massachusetts legislature than ever before. All three of the optional P. R. bills referred to in this department for March were reported favorably by the committee on cities. Representative Christian Herter's two bills to make P. R. optional for Boston (House 1014) and for other cities and towns (House 1015) were debated in the House on two different days. Representatives Herter and Hastings (reporter for the committee) gave able addresses referring to past Boston charter commission recommendations, the approval of the committee on cities, and newspaper support by the Boston *Herald, Post,* and *Transcript.* On May 27 the Boston bill was advanced to third reading by 60 votes to 41 and the state-wide bill followed by a voice vote which was not counted. On June 1, however, the House voted against passing the Boston bill to engrossment by 67 votes to 45. After further debate, in which Representative Morrill of Haverhill asked that the House at least give the smaller municipalities a chance to try P. R. now that the Boston bill had been killed, the other bill met the same fate by 69 votes to 46.

The third bill, House 982, which added the combination of P. R. and the city manager plan to the four standard optional forms of city government, was referred to the next annual session.

Proponents of the three bills feel encouraged by the progress made and will campaign for adoption at the next annual session. A number of civic and taxpayers' groups are cooperating to this end, the League of Women Voters being particularly active. H. C. Loeffler, secretary of the Boston Municipal Research Bureau, has been called on for a considerable number of demonstration elections.

*

Canada Considering P. R.—The Canadian House of Commons this spring appointed a select committee of thirty members to suggest amendments to the Dominion election acts. This committee has been studying, among other things, proportional representation and the alternative vote. Toward the end of the last preceding Liberal administration Prime Minister Mackenzie King recommended P. R. for parliamentary elections in the larger cities, and in the last election campaign P. R. found a place in the victorious Liberal Party's program.

*

P. R. Prospects in Great Britain.—The British P. R. Society's annual report for the year May 1935-April 1936, entitled "The New Parliament and Constitutional Reform," contains as usual an impressive résumé of the evidence of the year's elections to the universal need for P. R. and of the world-wide advance of the movement to achieve it.

After referring to demands for electoral reform, including P. R., that have already been made in the new parliament and to the government's promise, made by Mr. Geoffrey Lloyd, Under Secretary of State for Home Affairs, that all the points made would receive "the most careful consideration" in connection with a redistribution of seats in Parliament, the report goes on to describe encouraging developments in the last election campaign. Members of the P. R. Society questioned many of the candidates on their attitude on P. R. and received a considerable number of favorable replies. One of these, from Sir Kingsley Wood, a member of the cabinet and director of the Government Publicity Bureau, was as follows:

> The experience of the Ullswater Conference has shown that it is difficult to obtain agreement on proposals for electoral reform. If, however, it is decided that a change should be made in the present system of parliamentary election, I would consider favourably proportional representation in preference to any other change.

"As other Conservatives replied in similar terms," the report adds, "it would appear that the statement was made with official sanction."

Last year Mr. Winston Churchill received at the House of Commons a deputation of petitioners for P. R. from the Epping division of Essex, which he represents, and "expressed himself strongly in favour of proportional representation for the densely populated areas." Petitions for similar deputations are being circulated in several other constituencies.

Recently John H. Humphreys, the veteran secretary of the P. R. Society, who is looked to for information and guidance by proportionalists the world over, delivered the first P. R. broadcast ever arranged by the British Broadcasting Corporation.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

California Taxpayers' Association.—The Association is now in its tenth year. During this period the Association has completed over four hundred research studies of the state and its political subdivisions, and has built up a comprehensive collection of statistics and information on the financial operations of the state and all of its local governments.

During the past year the Association played an important part in the enactment of the 5 per cent expenditure limitation law. It worked for the enactment of three bills which improved the procedure in handling school district finances, facilitated centralized purchasing, and strengthened school district budget procedure.

In coöperation with the League of California Municipalities, the Association is studying plans for a uniform system of accounting for cities throughout the state.

During the year the Association made exhaustive and complete analyses of the county government in Sonoma, Kern, Solano, Santa Barbara, San Diego, and Alameda counties.

Since 1927 annual budget studies have been made by the Association's staff in the counties of Los Angeles, San Diego, Contra Costa, and Kern. In 1935 this phase of the Association's work was enlarged, and analyses were made of the budgets of twenty-seven counties. A complete history of state highway expenditures and costs was completed and published.

The Association maintains continuous contact, through its field staff and by mail, with the assessors and auditors of each of the fifty-eight counties of the state. Many auditors and assessors in California coöperate with the Association in collecting and assembling statistical information and make use of the Association's compilations.

Future objectives of the California Taxpayers' Association are:

(1) Improvement in the auditing, budgeting, and reporting procedures of the state and local governments of California.

(2) Maintenance of present limitations on existing tax rates.

(3) Passage of measures for the control of the issuance of bonds.

(4) Reduction in the number of independent taxing bodies.

(5) Establishment of a more efficient and economical system of education through the reduction of the present number of school districts.

(6) Elimination of overlapping and duplicating functions of government.

(7) Extension of the principle of centralized purchasing of governmental supplies and materials.

(8) Effective control of the expenditures for unemployment relief and centralization of investigation of all relief applicants by trained, not political, relief workers.

(9) Establishment of a more efficient and effective system of rural police by the adoption of a state police system.

(10) A continuous program to arouse citizen interest in government.

*

Taxpayers' League of St. Louis County (Duluth, Minnesota).—The annual report of the Taxpayers' League was submitted to its members on June 2. During the past year the League successfully opposed the issuance of $100,000 in unnecessary bonds for financing the city's share of the local PWA and WPA programs.

The league sponsored an amendment to the city charter fixing the tax rate limit on the city operating fund at 25 mills. This charter amendment was submitted to the vote of the people on June 15. This tax rate limitation applies only to the city of Duluth and only to the city operating funds. At the present time the city tax rate is slightly less than 25 mills.

During the past year the staff of the League has continued to study the school problem of the community. A comprehensive report on personnel problems of the schools was published last September, and work is now under way on a study of the operating costs of school buildings. This study has already demonstrated that the comparatively high operation costs which occur in Duluth are caused in greater measure by the extravagant amount of plant being operated than by extravagance in the means or methods of operating.

The League reports an increasing acceptance by the county of improvements in accounting and purchasing procedures which have been urged by the League for many years.

The League made a survey of tax delinquency in each of the organized townships and counties, and presented its findings to the county board.

The League carefully watched city expenditures to make certain that there was no violation of the charter provision that no more than 80 per cent of the budget can be expended until tax collections are made in excess of that amount.

During the coming year the League plans to make thorough surveys of several city departments, particularly those concerned with public works.

The executive secretary of the League has been made a member of the governing board of the Minnesota Institute of Governmental Research.

*

Taxpayers' Association of New Mexico.—From the lengthy report of the director of the Association, presented at the annual meeting in January, the following brief and incomplete summary has been prepared:

The director of the Association served as budget assistant to the governor last year, as he has every budget year since 1919 when the first state budget prepared by the Association was submitted.

The director was asked to assist two legislative commissions which reported to the last session of the legislature on needed legislation. Among the recommendations of these commissions the following were noteworthy: administration of health services through ten districts instead of thirty-one county units, classification of state employees and establishment of salary schedules, consolidation of revenue collecting offices, permanent registration of voters, nonpartisan nomination and election of judges.

The Association staff compiled a list of all county, municipal, and school district bonds outstanding which could be called in and refunded. It was ascertained that approximately $2,000,000 in obligations could be called and that the state treasurer has approximately $800,000 of uninvested permanent funds. Visits to practically all of the counties resulted in the passage of the necessary resolutions. Thus the state treasurer was enabled to secure the investment of a substantial amount of uninvested funds, and counties, municipalities, and school districts have been enabled to reduce the amount required for interest payments. Many of the bonds originally issued as term bonds were changed to serial payment bonds. Refunding bonds issued under the New Mexico law cannot go beyond the date of maturity of the bonds refunded.

The Association inaugurated and carried on an extensive campaign of publicity for the collection of delinquent taxes.

A survey of election costs was completed by the Association to secure the data needed to prepare county budgets. This survey is typical of many made in past years by the Association to eliminate the "guess work" from budgetary procedure. A survey of court costs is in progress.

A study of the effect on local revenues of the proposed homestead exemption amendment was made, and the amendment was defeated at the special election in September.

*

Providence Governmental Research Bureau.—During the past six months the Bureau has studied many state and municipal problems and reported the results of its investigations in its monthly news letter.

In January the Bureau announced the results of its study of the cost of government in eleven northeastern states. The study showed that in total governmental expenditures per capita Rhode Island ranked eighth, and that in ability to pay for governmental services the state was also eighth among these eleven states.

The budgetary procedures inaugurated in 1935 for the state government have carried Rhode Island to a position of prominence among the states by providing for a modernized system of fiscal management. The Bureau has given publicity to these developments and pointed out that the city of Providence still employs antiquated financial methods and needs to install centralized purchasing and a system of budgetary control.

In February the Bureau analyzed the city's WPA program, pointing out the large sums which were being spent by the city and state governments for supplies, materials, and supervision.

As a supplement to the March issue of its news letter the Bureau published a detailed comparison of state expenditures during the years 1933, 1934, and 1935, the state appropriations for the year 1936, and the governor's budget for 1937. Figures for these years were supplemented by statements explaining the increase or decrease in the expenditures of each department from year to year.

In the April news letter the Bureau analyzed United States Census Bureau statistics with reference to operating expenditures for sewers, highways, and street cleaning in the fifteen cities from 200,000 to 300,000 in population. It was revealed that the Providence expenditures on these functions are relatively high.

Since the defeat of the proposal to call a constitutional convention, there has been a revival of interest in the amendment of the state constitution. The Bureau has devoted some time to the tabulation of constitutional provisions and requirements on various matters in the several states. A recent bulletin summarized state constitutional provisions against dual office-holding.

In the May news letter the Bureau presented figures on the size of school classes in Providence in comparison with other cities. These figures are gathered and published by the National Education Association. The Bureau's analysis showed that some reduction in school costs in Providence could be achieved if the size of senior high school classes was increased slightly to bring them up to the median size in other large cities.

*

Bureau of Governmental Research of New Orleans.—On May 1, 1936, the Bureau celebrated its third birthday. It now feels that it is an important factor in the civic life of New Orleans, both as to accomplishments and the unbiased opinions given on city problems.

As this story is being written, the legislature of the state meets to write a new chapter in the history of Louisiana. On May 11, the legislature opened with one hundred and forty lawmakers of one mind and one faction. "Stormy politics," which raged during the reign of Senator Huey Long, have quieted down, and the city of New Orleans and the state as a whole seem to put an unbounded faith in the promises of the new governor to better conditions in both New Orleans and the entire state. As has been the custom, the Bureau of Governmental Research will interpret all laws affecting the city of New Orleans.

In addition, the Bureau has drafted some twenty laws and sent them to the proper state leaders, in an effort to have them introduced in the legislature. One of the laws covers a subject upon which the Bureau has given much publicity during the past year. This is the subject of a revised tax calendar, or the periods for assessing, billing, and collecting taxes. Payments made earlier in the year would save New Orleans taxpayers about $400,000 annually in interest on bank loans which are now made for city and schools in anticipation of the collection of taxes. Two bills are designed to reduce the number of times notices must be published in the newspapers for calling for bids and the letting of franchises. Other proposed bills deal with a reorganization of city functions.

The Bureau also prepared a new charter, based upon the city manager form of government, for use by the state legislature. It is too early at this writing to predict what the legislature will do in the matter of revising New Orleans' charter.

In anticipation of a new charter, the Bureau prepared constitutional amendments permitting home rule which, if adopted, would allow New Orleans to choose its own charter. Home rule, however, has been definitely abandoned following the defeat of the home rule state faction last January.

One of the important surveys made by the Bureau during the year covered the departments and divisions which operate and maintain public buildings. It was shown that greater efficiency and a saving of $44,000 annually could be made by a consolidation and reorganization of the agencies assigned this work.

HAROLD STONE, *Executive Secretary*

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Local Democracy and Crime Control. By A. C. Millspaugh. Washington, D. C., The Brookings Institution, 1936. 263 pp. $2.00.

Functional reallocation and integration are seen as the best remedy for the ailments of local government by Dr. Millspaugh after careful diagnosis and consideration of other possible cures. As major fields of administration that should belong to the state rather than to the county or smaller unit, he cites highways, schools, welfare, health, tax assessment, tax collection, elections, the courts, and crime control.

Two aspects of crime control are considered—policing and prosecution. Policing of rural areas and prosecution everywhere should, the author believes, be transferred to the state. In the large cities and metropolitan regions policing should probably be left to local control, at least during the immediate future.

In most states the first step toward the transference of this power should be the unification of policing under a state department of police or of public safety and the unification of prosecution under the attorney general. If the latter official is appointed, policing and prosecution may be brought together in a department of justice. Four states—Indiana, New Hampshire, New Jersey, and Pennsylvania—where the attorney general is appointed by the governor, would find the creation of a "real" department of justice comparatively simple.

About a dozen states now have a department of police or of public safety equipped for patrolling and investigation. A state highway patrol, while made up of specialized law enforcement officers, nevertheless can be used as a nucleus of a state criminal law enforcement agency.

One of the first things to be done in transferring rural crime control to the state is to ease the sheriff out of the field by taking from him the functions of policing and jail custody and limiting him to civil work. The county prosecutor should either be abolished or made appointive and removable by the attorney general. Dr. Millspaugh sees such changes coming as the product of evolution rather than any abrupt reorganization.

*

Security Against Sickness. By I. S. Falk. Garden City, New York, Doubleday, Doran & Company, 1936. 423 pp. $4.00.

Many were disappointed that the national social security program made articulate in the social security act of 1935 failed to embrace health insurance. Individuals who had suffered privation through the loss of earnings through sickness or the loss of life savings through the costs of long hospitalization were well aware of the tremendous threat of sickness to the economic security of the wage-earner. The Committee on the Costs of Medical Care, as a result of five years of intensive study, fortified their conviction with impressive statistics.

Dr. Falk, a member of the technical staff of President Roosevelt's Committee on Economic Security, proposes in this volume to study the particular needs of the United States relative to protection of society against the economic burdens caused by illness and to outline certain principles on which a program in this country should be based to meet them. The systems of sickness insurance in European countries, especially those in Germany, Great Britain, France, and Denmark, are examined to see what features may be embodied with profit in this country.

European experience together with American experience with voluntary insurance and compulsory insurance under workmen's compensation laws leads Dr. Falk to a plan of group purchase of medical care, compulsory, preferably planned and executed on a statewide basis. Complete home, office, and hospital service should be provided, he believes, including necessary health examinations and other preventive care. The system should provide for maximum coördination of the medical provisions with the work of public health and other governmental authorities engaged in health, medical, or welfare activities. Health insurance, it is emphasized, is not "state medicine" but a system of paying the costs of sickness through budgeting and prepayment. Taxation as a method of paying for the state's share of the costs has not been treated in this volume.

*

Handbook of Adult Education in the United States. Edited by Dorothy Rowden. New York, American Association for Adult Education, 1936. 423 pp. $2.25.

This is a directory of more than four hundred organizations of national importance in the field of adult education with introductory articles explaining the scope and progress in each section of the field. It is the second handbook, the first having been issued two years ago. The great expansion of adult educational programs during this period made a new edition necessary and necessitated writing a new text rather than revising the old.

*

Tax Opinion Survey. By Mabel L. Walker. New York, Tax Policy League, 1936. 16 pp. mimeo. Twenty-five cents.

Statements are often labeled the "consensus among tax authorities." To determine what agreement actually exists among professors of public finance on the most vital tax problems of the day, a questionnaire survey of tax opinion of this group of authorities was undertaken.

Among the practically unanimous verdicts disclosed by the survey were the following: opposition to high protective tariffs, advocacy of the retention of the property tax as a major source of local revenue, removal of intangibles from general property tax as a major source of local revenue, opposition to total exemption of improvements, advocacy of the use of graduated income and inheritance taxes by both federal and state governments and the adoption of corporate taxes based on net income, abolition of tax exempt securities, opposition to special taxes to discourage chain stores, opposition to general sales taxes, advocacy of tobacco and luxury and billboard taxes, restriction of taxation of all liquor imports and manufacturing to the federal government, advocacy of state supervision of local real estate assessment, opposition to uniformity clauses and tax limit provisions, and advocacy of state limitation of debt-incurring powers of local governments.

There was a majority agreement among the academic group on a large number of the one hundred questions proposed, majority opposition to a smaller number, and divided opinion on other subjects. The survey is illuminating as an indication of the progress of economists in formulating fiscal theories.

*

Methodology of Social Science Research: A Bibliography. By Dorothy Campbell Culver, Berkeley, University of California Press, 1936. 159 pp. $2.00.

From the mass of published material that has accumulated on techniques and methods of social science research since 1920, more than fifteen hundred items have been selected for this bibliography. The arrangement is unusual and particularly helpful since the material is presented in the order of the steps of a research problem, from the selection and definition of the problem to be studied to the preparation of the manuscript.

*

The Social Security Program. By Marietta Stevenson and Ralph E. Spear. Chicago, American Public Welfare Association, 1936. 62 pp. Twenty-five cents.

How far have we progressed under the new social security act? To what extent have the states fallen into line and taken advantage of the act's provisions? This pamphlet tells the story up to April 1, 1936, and the American Public Welfare Association promises to keep the material up to date through supplemental information in its monthly magazine.

Previous to 1935, when social security legislation sprang largely from state initiative, twenty-eight states had old-age assistance provisions. As of April, 1936, this number had been increased to thirty-nine. The plans of twenty-eight states for old-age assistance had been approved by the Social Security Board as a prerequisite to state participation in federal grants.

In contrast to twenty states that were providing aid to the blind previous to 1935, thirty-three states had new or amended statutes on this subject in April of this year. The plans of nineteen states had been approved by the Social Security Board.

Forty-five states were providing aid to dependent children before 1935. This number has been increased to forty-six with eighteen plans approved. Only one state had unemployment insurance before 1935. As of April 1936 eleven states had provided for unemployment compensation. The laws of nine of these eleven states had been approved by the Board and a total of more than $350,000 has been granted to seven states and the District of Columbia for administration. More than seven million workers are covered by approved laws.

Plans for child welfare services in twenty-three states have been approved by the Children's Bureau, plans for crippled children in twenty-six states, and plans for maternal and child health services in forty states. All but six of the states have received some part of their allotments for public health services and all but three are coöperating in the program for vocational rehabilitation.

*

Libraries of the South. By Tommie Dora Barker. Chicago, American Library Association, 1936. 215 pp. $1.75.

A new experiment in library practice was undertaken five years ago when the American Library Association established a regional office in Atlanta, Georgia, which should provide advisory service in library matters available to the thirteen southern states. Miss Barker, field agent in charge of this office, presents in this book a summary of library happenings in this area during the five-year period.

The background of social and economic conditions that characterize the region is depicted to give full value to the progress that has been made in bringing better library resources to these states. The author tells of citizens' conferences to plan for better library facilities, of the effort to establish more state library extension agencies, of improved library legislation, of the expansion of school library service, of the increase in library service to Negroes, of county library demonstrations, and federal projects in libraries.

Sixty-six per cent of the population are still without access to free public library service in the south, nearly nine-tenths of these living in rural sections. According to Miss Barker the apparent solution to the problem lies in establishing either county or regional libraries with book truck service and distribution centers within easy reach. State or federal aid would be necessary to make such service possible.

Reports

Report on the Work of the Department of Purchase of the City of New York for the Year 1935. By Russell Forbes, Commissioner of Purchase, New York City. 85 pp. Apply to the Department of Purchase.

This report, marking the end of the second year of operation of the Department of Purchase in New York City, is the most comprehensive of any that has ever been issued by such a city department. The "before and after" story as depicted in descriptions, tabulations, and photographs of conditions previous to and following establishment of the department provide a dramatic answer to the question "Does centralized purchasing pay?"

*

Survey of Parks and Recreation in Providence, Rhode Island. By L. H. Wier, 283 pp. $1.00. Apply to E. K. Thomas, Civic Improvement and Park Association, 39 East Manning Street, Providence, Rhode Island.

While certain parts of this report pertain only to Providence, the report, made by a staff member of the National Recreation Association, is of general interest to park and recreational departments as a manual of administration and management. It sets forth ideals and objectives which should dominate the governing boards, executives, and staff in the administration of public recreation.

*

Real Property Inventory of the Cleveland Metropolitan District, 1936. Apply to Howard Whipple Green, Director, 1900 Euclid Avenue, Cleveland. $15.00

Cleveland claims the distinction of being the only city in the country which takes a complete annual inventory of every house, lot, and building and movement of every family. This data, broken down into 321 census tracts, denotes trends indicative of what is happening throughout the country, especially in the heavy industry cities of the middle-western states. Included in the material is information on housing conditions, the amount of residential construction and demolition, and the cost of construction.

*

Drunken Driving. Report 109 of the United States Conference of Mayors, 730 Jackson Place, Washington, D. C., 1936. 15 pp. mimeo.

During 1935 more than 40 per cent of the cities reporting experienced a rise in the number of intoxicated drivers. Methods followed by American cities in testing those arrested for drunken driving and the penalties imposed for conviction of this offense are described in this survey.

*

Housing for the Family. By the Committee on Housing, Women's City Club of New York, 22 Park Avenue, New York City. 40 pp. Twenty-five cents.

Investigators went from tenement to tenement and talked with the women who lived in them to learn what they considered the essentials of good housing. The housewives expressed additional views which very possibly might not occur to the architects of low cost housing. They told why, for instance, they preferred bath tubs to showers, why they wanted clothes drying rooms in the basement rather than on the roof, and why they wanted large kitchens.

*

Municipal Revenues from Sources Other Than Taxation. By Edward W. Harding. Publication No. 35 of the New York State Conference of Mayors and Other Municipal Officials, Albany, 1935, 165 pp. mimeo. $1.50.

Municipalities in their search for revenue are discovering new sources, charging individuals and groups for special services and privileges the expense of which was formerly borne by the general taxpayer, and relying more than they have in the past on so-called miscellaneous revenue sources. This study lists actual charges made for specific services in more than 250 cities in the United States.

*

Metropolitan Milwaukee. By the Joint Committee on Consolidation in Milwaukee County. Directed by Paula Lynagh, 1936. 97 pp.

Within the Milwaukee metropolitan district, which is a single trading area, are ninety-three local governments. This study produces the facts upon which is based the conclusion that more centralization of the local government is necessary.

*

Annual Report of the Sales Tax Section for the Year 1935. Tax Commission of Ohio, 1936. 33 pp. Apply to the Tax Commission.

The source and distribution of the sales tax dollars in Ohio and the extent to which the sales tax has served in this state as a replacement measure are given in this study.

*

Regional Planning. Part I, Pacific Northwest. National Resources Committee, 1936. 192 pp. Fifty cents. Apply to Superintendent of Documents, Washington, D. C.

This is the first of a series of reports on regional planning problems of several different sections of the country. It deals with immediate and urgent problems in the Columbia Basin, particularly with the policies and organization which should be provided for planning, construction, and operation of certain public works in that area.

*

Fire Loss Prevention in Buffalo, New York. By the Buffalo Municipal Research Bureau, 1936. 23 pp. mimeo. Twenty-five cents. Apply to the Buffalo Municipal Research Bureau.

This is a comparative study of fire losses, fire insurance premium rates, grading as to fire extinguishing, and methods employed for preventing fires in Buffalo and other large cities in the United States.

NATIONAL MUNICIPAL REVIEW

AUGUST + 1936

Interstate Cooperation

CHARLES J. CALROW

Federal-Municipal Relations

FRANCES L. REINHOLD—MORTON L. WALLERSTEIN

State-Local Relations

HOWARD P. JONES

The Pressure for Political Spoils

RICHARD C. SPENCER

By-Products of Police Radio

CHARLES R. ERDMAN, JR.

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.
VOLUME XXV, NO. 8 TOTAL NUMBER 242

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND A. EGGER
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis *First Vice President*
C. A. Dykstra, Cincinnati *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
L. Arnold Frye, New York
Robert M. Goodrich, Providence, R. I.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
David Hinshaw, Westtown, Pa.
Robert W. Johnson, Princeton, N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 8
TOTAL NO. 242

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR AUGUST

THE LEAGUE'S BUSINESS .... *Howard P. Jones* 442

EDITORIAL COMMENT .... *H. P. J.* 443

INTERSTATE COÖPERATION .... *Charles J. Calrow* 445

FEDERAL-MUNICIPAL RELATIONS—THE ROAD THUS FAR *Frances L. Reinhold* 452

FEDERAL-MUNICIPAL RELATIONS—WHITHER BOUND *Morton L. Wallerstein* 453

EFFECT OF THE DEPRESSION ON STATE-LOCAL RELATIONS *Howard P. Jones* 465

THE PRESSURE FOR LOCAL SPOILS .... *Richard C. Spencer* 471

BY-PRODUCTS OF POLICE RADIO .... *Charles R. Erdman, Jr.* 474

Departments omitted from this issue of the REVIEW

The contents of the NATIONAL MUNICIPAL REVIEW are indexed in the *Engineering Index Service,* the *Index to Legal Periodicals,* the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, AUGUST 1936

THE LEAGUE'S BUSINESS

New Pamphlet Issued by Citizens' Council Federation.—"Making Democracy Work—the Citizens' Council Plan" is the title of a new leaflet issued by the National Federation of Citizens' Councils for use of citizens who wish to organize councils. The plan is described, organization procedure outlined, and suggestions made as to the type of work which a council can do. Interested groups can obtain copies of this pamphlet by writing to the office of the federation at National Municipal League headquarters.

The fact that the machinery of democracy is rusty and obsolete is partly responsible for dissatisfaction with democracy today but far more serious is our inadequate citizenship. "Citizen interest, alertness, and intelligence are the motive force of democracy. . . . The real danger to democracy lies in the passivity, blindness, and incompetence of citizens." The citizens' council plan is designed to promote effective citizenship through carefully planned efforts to stimulate greater citizen interest, better informed and more careful citizen thinking, more considered and responsible citizen action.

* * *

New York Conference on Legislation Holds Successful Meeting.—Fifty-seven persons were registered as delegates to the New York State Conference on Legislation, held under the auspices of the New York State Committee of the National Municipal League with the coöperation of the Schenectady Bureau of Municipal Research and the New York Citizens Union last month. These persons represented interested groups in sixteen counties of the state.

Governor Herbert H. Lehman addressed the conference on "Home Rule in Local Government", giving specific endorsement to some of the home rule measures on the legislative program adopted by the conference and departing from his prepared address to urge support of reapportionment and a state constitutional convention. He emphasized particularly the desirability of home rule in local expenditure and deplored the tendency of the New York General Assembly to pass mandatory legislation.

Addresses on the importance of citizen activity in legislative matters, illustrated by reference to county government reorganization, anti-crime legislation, and other specific issues, were delivered by Charles Poletti, counsel to the Governor, and State Senator Thomas C. Desmond.

The conference discussed and adopted a legislative program covering a number of fundamental structural improvements in municipal, county, and state government as outlined in the July issue of this REVIEW (page 390) and will recommend that program for active support during the coming year to civic groups throughout the state.

The following program of work for the coming year was also adopted:

(1) An intensive campaign to develop citizens' committees on legislation similar to those of the Schenectady Bureau of Municipal Research and the New York Citizens Union in all the principal centers of the state; (2) Preparation of bills to carry out the legislative program of the conference by a drafting committee to be appointed by the chairman of the New York State Committee of the National Municipal League, submission of these bills to committees on legislation and civic groups throughout the state, consideration of their criticisms by the drafting committee and introduction of the bills at the beginning of the next session; (3) Questioning of candidates for the legislature by civic groups before election to determine their attitude on the items in the legislative program of the conference; (4) Efforts to win the support of newspapers and organizations of all kinds for the legislative program of the conference; (5) Mobilization of public support for the program bills during the legislative session.

Dr. Rodney L. Mott, director of the School of Social Sciences at Colgate University, was elected chairman of a representative New York State Committee of the National Municipal League to carry out the work for the coming year.

* * *

Baldwin Prize Award.—Herman B. Director, a student at the University of Chicago, is the winner of the 1936 Baldwin prize of one hundred dollars. This award is presented each year by the National Municipal League to the student submitting the best paper on any one of a number of governmental subjects set forth by the League. Mr. Director's topic was, "Non partisan Elections in American Local Government." Second place was won by Leonard Reichle, also of the University of Chicago, whose essay was entitled "The Detroit Street Railway System"; third place by Lois Roehl of the University of Wisconsin, writing on "Tax Delinquency in the City of Milwaukee During the Period 1928 to 1936". Honorable mention was given to Arthur John Collinson of the College of Wooster, Ohio; Muriel A. Charles of Hunter College, New York City; W. S. Fishman of the University of Illinois; Jane Brohel, University of Newark; Janet Weiss, University of Chicago; and Benjamin C. Stanczyk of Wayne University, Detroit.

Judges for the 1936 contest were E. Lewis Burnham, president of the Philadelphia Bureau of Municipal Research; C. G. Hoag, honorary secretary of the Proportional Representation League; and Richard Welling, attorney, of New York City.

HOWARD P. JONES, Secretary

Editorial
Comment
✤
August

NATIONAL
MUNICIPAL REVIEW

Vol. XXV, No. 8 Total No. 242

Bigger and Better Tax Limitation

One of the most difficult illusions to dispel once and for all is the notion that the taxpayer will save money through tax limitation. With all the accumulated experience to the contrary, and with the considered conclusions of the New York State Tax Revision Commission and other unprejudiced agencies against it, the suggestion bobs up again and again.

The latest proposals come from Michigan and Pennsylvania. In the latter state, two bills to limit real estate levies have been introduced into the legislature, both proposing to limit taxes for all local purposes except debt service to 10 mills on each dollar of assessed value, according to *Citizens Business,* the publication of the Philadelphia Bureau of Municipal Research.

The Philadelphia Bureau prophesies a "fiscal nightmare" if either of the bills is passed and again points out what the Review has repeatedly emphasized, that over-all tax limits "tend to increase the cost of government." Adoption of either amendment would encourage borrowing for current expenses, the Bureau finds, and "the most expensive government is that which operates on deficits or loans."

From Michigan comes an even more radical proposal—the abolition of taxation on real estate. Presumably, a state income tax would replace the revenues lost through the abandonment of the property tax, Michigan already having a sales tax. There are many considerations which make this proposal impractical but since it involves so completely a new departure in our tax system, it may be well to go back to fundamentals for a moment. There are, after all, only two broad measures of the ability of an individual to pay taxes—wealth and income. Income alone is obviously insufficient as a measure of ability to pay. Perhaps the outstanding example of that in recent years was the Wendel home on Fifth Avenue, New York, bought in 1856 for a song and having an assessed value at the death of the last of the Wendels of $2,000,000. The slogan of the elder Wendels, "Buy but never sell," would under a tax system which relied entirely upon income become gospel. Even under our system unearned increment produced a $100,000,000 fortune for the Wendels.

Granted that at present ownership of real estate is not entirely satisfactory as a measure of an individual's wealth, nevertheless it is an indicator. Furthermore, it is better rather than poorer measures of wealth we need. Abandoning the real estate tax is a move in the opposite direction since it means dropping one of the best measures of wealth we have.

There is at present no civilized state supporting governmental services without a real estate levy. Mexico furnishes perhaps the nearest example, since Mexico's property tax until the recent revolutions was negligible. According to Philip H. Cornick, who spent several years studying land values in Mexico, a fixed value and a fixed levy for half a century had resulted in a situation by 1914 in which a parcel of property worth half a million dollars paid a tax of $175. The result was that anybody who could get his hands on a piece of land held it forever whether it produced anything or not. The part this played in the unsettled conditions in Mexico in recent years may be guessed.

The NATIONAL MUNICIPAL REVIEW has tilted its lance too often against inefficiency and waste in local government to be open to the charge of not favoring economy in government. In our search for methods of economy, however, it is important to avoid those which present the appearance but lack the substance of economy. Over-all tax limitation is one of these.

A Step Ahead

When the Commission on Inquiry on Public Service Personnel, appointed by the Social Science Research Council, made its report in January 1935, one of its specific recommendations was "the inclusion of all postmasterships in the civil service system and their recruitment primarily by promotion." In the margin on page 8 in the copy of the report reposing in the library of the National Municipal League appears an ironical comment made by some reader: "What says Jim Farley to this?"

Apparently the time has come when what Jim Farley might say does not matter. On July 22 President Roosevelt promulgated an executive order placing all first, second, and third class postmasters, 13,730 in all, under the merit system and subject to the regulations of the Civil Service Commission. The 31,666 fourth class postmasters are already within the classified service.

While the order may be shrugged aside by many as simply another evidence of Mr. Roosevelt's astuteness as a politician, constituting as it does the most effective reply he could have made to Republican attacks on the New Deal attitude towards the merit system, those interested in improvement of governmental personnel will rejoice that the time has come again when the merit system has become good politics.

It might be pointed out that this is the second time all first, second, and third class postmasters have been placed under the merit system, President Wilson having done this by an executive order which President Harding modified in such a way as to nullify its effect. It is to be hoped that history will not repeat itself. A more certain way of insuring the continuance of the merit system as applied to postmasters would be by congressional action.

Interstate Cooperation

A review of the ways in which important problems, transcending state boundary lines, may be solved

CHARLES J. CALROW

Consultant, Virginia State Planning Board

IT IS probably entirely pardonable for a Virginian to take his text from the writings of that master planner, Thomas Jefferson. Jefferson states in his autobiography: "But it is not by the consolidation, or concentration of powers, but by their distribution, that good government is effected. Were not this great country already divided into states, that division must be made, that each might do for itself what concerns itself directly, and what it can so much better do than a distant authority. Every state again is divided into counties, each to take care of what lies within its local bounds; each county again into townships or wards, to manage minuter details; and every ward into farms, to be governed each by its individual proprietor. . . . It is by this partition of cares, descending in gradation from general to particular, that the mass of human affairs may be best managed for the good and prosperity of all." The language of this statement is, in the light of today, highly significant.

In this statement Jefferson justified the division of the country into certain administrative areas on the grounds of necessity, realizing that even for the country, as it stood in his day, partition into administrative units was needed, if the public business was to be expeditiously conducted.

The language which Jefferson employed, in addition to saying that each of these administrative units might do for themselves that which a distant authority could not do so well, implies the passage of laws by these administrative units distinct from either amplification or extension of laws passed by a higher authority.

Jefferson's theories concerning government really involve two series of gradations, one downward, the gradation from "general to particular" in which the application of authority became more intensive as the area involved decreased, and one upward, with respect to the area over which the authority should extend, the powers granted growing less as the so-called higher levels of government were reached.

But the form of government which we actually have fits neither of the Jeffersonian theories. We have neither the gradations downward from "general to particular" nor the gradations upward with the partition of cares proceeding from particular to general as the area increases.

Theoretically, the authority still flows from the people, but not through the lower levels of government controlling the minor geographical divisions to the higher, but directly from the people to the state, and from the people direct to the nation. In this last case it is, in certain particulars, restrained by the limitations erected by the same creators of authority acting in their capacities as citizens of the states. The tenth amendment to the federal constitution defines these limitations.

While Jefferson wrote in terms of geographical-political areas with their compartmentalization of authoritative control, the government which he administered was far from meeting his specification.

Under the present system there is really no series of planes of government. Such gradations as exist flow from "general to particular" both ways from the state, on one hand, to the federal government, and on the other hand to the state's political subdivisions.

It is because the system of governmental levels described as desirable by Mr. Jefferson does not exist that, when problems which transcend state lines demand solution, the necessity for interstate coöperation appears. Interstate problems are all around us. Changing conditions in agriculture, industry, trade, transportation, and communication have transformed problems which were once localized into problems which refuse to be bounded by lines created by the King's Charter, Orders in Council, or determined by transit and compass. Many social, economic and physical problems arising in a single state cannot be solved by that state alone without a sacrifice of interests. Particularly is this true of those problems in which social and economic interests are simultaneously involved.

CONSTITUTIONAL AMENDMENT

Of course, one method of handling such interstate situations is by the amendment of the federal constitution and the further delegation of particular authority to this unit of our governments. This is a form of interstate coöperation whereby three-fourths of the states may establish particular policies but of general application controlling in all states. Where this form is applicable it has many advantages, not the least of which is the designation of an authority with power to enforce and courts to adjudicate the disputes which may arise. Another advantage of this type of coöperation lies in the peculiar duality of relationship which the citizen of this country has, making him directly amenable to the laws of the United States as well as to laws of the state.

This method of coöperation has, however, certain limitations of desirability when the problems are not nation-wide but regional with reference to the area involved or particular with reference to type. For such cases interstate coöperation seems desirable.

We have recently had considerable discussion of the question of regions, and some of the supporters of the "region" concept have gone so far as to suggest the creation of regions having administrative and legislative power interposed as another level of government between the states and the federal government—a multiplication of governments. From a recognition of the fact that many of the social, economic, and physical problems are regional in character and not limited by state lines, and from the studies of this fact, it has been but a ready jump to the assumption that a regional governmental organization was a happy method of obtaining solutions of such group problems. But is it? How will such a region be delimited—by geography or function, by river basin, coal-bearing area, or maybe by particular type of agricultural production? If regions are delimited according to one of these characteristics, how will an area having a number of these types of characteristics be assigned? There is possibly some confusion of thought on this subject. Let us take Virginia as a case in point.

MANY REGIONAL DIVISIONS

The economic, social, and physical problems of Virginia are shared with other states in many ways and many directions and in varying volumes. In the realm of agricultural economics Virginia shares with North Carolina, South Carolina, Georgia, Tennessee, and Kentucky the problems arising from the processes of tobacco production and tobacco marketing. With respect to mineral resources Virginia shares with Pennsylvania, Ohio, West Virginia, Kentucky, Tennessee, and Alabama, and to a certain extent with Indiana, Illinois, Iowa, Missouri, Kansas, and Oklahoma, in those problems arising in connection with the production and marketing of coal. In the realm of those resources taken from the sea Virginia shares with North Carolina, South Carolina, Maryland, Delaware, and New England the problems of distributing and marketing the products of commercial fisheries and in competitive markets meets the industries of the states on the Gulf. In the industrial world Virginia shares in the production of rayon with the following states: Massachusetts, New York, Pennsylvania, Ohio, Tennessee, and eleven other states, and with New England, North Carolina, South Carolina, Georgia and Alabama in the cotton textile industry. It also shares its rivers with Maryland, North Carolina, Tennessee, and West Virginia.

The very plain fact is that in the case of Virginia the lines of certain regional area problems refuse to coincide with those of certain other regional area problems and for the problems of this state the region which would encompass them all would be so extensive that it would cease to be a convenient unit. Nor is this all, for in the territory included in such a region there would necessarily be other states which would have interlocking interests with still other areas outside of the region embracing the Virginia problems and thus a need for further regional extension.

The point may be taken further. Any division of the country into regions with limits fixed with relation to one set of problems would arbitrarily divide the areas of other problems and these last questions could only be handled by inter-regional coöperation or by some superior governing unit, so that all which would be accomplished by the new order of things would be a multiplication of problems both intra- and inter-regional.

A further point to be considered in connection with this regional doctrine is the question as to whether the regional authority is to be state-like with general sovereignty or to have only delegated powers like the federal government. If the former, then there is conflict of sovereigns and if the latter, nothing has been accomplished which could not have been done under the present constitutional forms.

The setting up of the regional organizations as additional levels of government between the states and the federal government is of course unthinkable under our present system but, if possible, it should not be done for the reason that it would tend to weaken the federal union.

It is believed that the regional government scheme as a method of interstate coöperation may be dismissed from further consideration and attention given to those methods which do not involve the creation of new governments.

INTERSTATE COOPERATION

As has been pointed out, the scheme of government outlined by Jefferson in the passage first quoted is far from being parallel with that under which we are operating. Our governmental system being what it is, our interstate problems, except in a relatively few cases, must be handled by the states severally as sovereign bodies or jointly through interstate compacts approved by Congress, or by the federal government.

Interstate coöperation of this classification may be sub-classified under five heads:

(1) Under the first heading there may be placed that type of interstate coöperation which results in the establishment of uniform laws, uniform regulations, or uniform methods of administration. This coöperative effort toward standardization may spring from state action alone or as in the case of certain technical activities, coöperatively with federal departmental agencies.

As participation in such coöperative effort is entirely within the powers of the states and may be taken without action by the Congress, it has possibilities of expansion or limitation which permit its adaptation to any local conditions, social or economic, which may demand special consideration, thus meeting Jefferson's specification. With this plan of interstate coöperation there is, however, a possibility that some of the states, most in need of the beneficial results which may flow from its operation, may refuse to participate and thus destroy or at least weaken the coöperative plans, or else a state having once entered the coöperative plan may, for various reasons, withdraw and thus endanger the whole coöperative scheme. Lack of permanency, failure to attain or maintain sufficient coverage and, possibly, the lack of uniformity in enforcement are the weak points of this plan.

(2) In a second grouping are those state relations which are reciprocal in nature and are also without the necessity for federal approval. Many state acts of this type are on the statute books. Usually they take the form of a grant of privilege or license by the legislature of one state to the citizens or officers of other states in return for similar grants of privileges or authority for its own citizens or officers by the said other states. Reciprocity in recognition of professional registrations is an example.

An act of the Virginia General Assembly of 1936 providing for reciprocal agreement with consenting states as to the laws of "close pursuit" is another example of provision for this type of interstate coöperation.

Under plans for interstate coöperation of this type there are set up penalties for non-conformity; namely, the non-grant to non-conforming states of the rights and privileges given those entering into and holding to the agreement. This gives this coöperative effort an element of strength not possessed by the efforts grouped under the first heading.

JOINT UNDERTAKINGS

(3) A third grouping of interstate coöperative activities is that under a plan for the conduct of a joint enterprise of a physical nature, as for example, the construction of a bridge over a boundary river. In this case a simple contractual relation exists between the states and neither functions as a governing unit. In this case while two states may by agreement regulate the use of the utility, the collective action proceeds no further. The relationship between the states is simply that of partners in a joint enterprise. This is not an exercise of sovereignty. Either party to the enterprise may sue upon the contract and such suits come within the jurisdiction of the federal Supreme Court, not because of the nature of the activity but because of the nature of the litigants.

A modification of this type of interstate coöperation is the joint agreement for the construction of certain kinds of public improvements such as roads with common points at the state line permitting the flow of interstate traffic. In this case each state would construct that portion of the road lying on its side of the state line and thus, despite joint agreements, the relation of any state to the enterprise is not that of a partner, and there is no controlling enforceable contract between the states. There is no authority to which appeal may be taken in case of failure to carry out the provisions of such an agreement.

(4) A fourth type of interstate coöperation is one in which the states may by treaty and with the approval of the Congress, engage in a joint enterprise administered by a governing body separate and distinct from the administrative departments of the coöperating states. The administrative authority may be of commission or corporation form and have, in so far as the particular enterprise is concerned, certain regulation-making authority. In this case the state acts creating the commission are, to a certain but minor extent, a degree of surrender of sovereignty by delegation of authority, as no state engaging in such an enterprise would possess the right to require the commission or corporation to commit acts in conflict with the rules laid down for its guidance in the approved treaty or compact.

This delegation of authority has, however, certain advantages, as the controlling unit thus set up acquires none of the general attributes of sovereignty and an aggrieved state has recourse through the courts without directly involving another sovereign in the proceedings. Needless to say, such a corporation or commission can have no power to enforce regulations except where it receives this authority by delegation from the states creating it; neither can its authority be extended or curtailed except with the approval of all of the parties to the original compact. In some ways, limited it is true, such a corporation or commission acquires, in relation to the contracting states, some of the same status as has the federal government.

It may be said in passing that the approval by Congress does not under the present constitutional limitations give to the federal government any administrative authority, and even though the approvals of compacts are required the so-called "upper level" of government acquires thereby no rights over the states.

CONGRESSIONAL APPROVAL

(5) Still another class of interstate coöperative action is one of the Congress-approved compact type, in which each state reserves to itself the administration of the terms of the compact within its own borders. Here no authority or corporation is created. This form is generally applicable where the police powers of the states are to be employed and it is not suitable for enterprises in which the joint construction and operation of public works or public facilities are attempted.

An example of this type of coöperative effort is the Virginia tobacco control act, chapter 183 of the acts of the General Assembly of 1936, which in the draft of the proposed compact provides among other things that the states which are parties to the compact do jointly and severally agree "to coöperate with each other in formulating such regulations as will assure the uniform and effective enforcement of each of the aforesaid state statutes" and further "not to depart from or fail to enforce, to the best of its ability, any regulations concerning the enforcement of the state statutes, without the consent of a majority of the members of the tobacco commissions of each of the several states which is a party to this agreement."

It will be noted that while elsewhere within its stipulations the act provides for enforcement of the regulations within each state and penalties for noncompliance therewith, nowhere does it provide penalties for the failure of the tobacco commission of any state to see that its own regulations are enforced; neither is there any recognition of a common authority before whom an appeal for such enforcement could be carried.

The failure of a superior state authority such as the governor, the legislature, or the courts to displace a recalcitrant commission would raise petty questions of conflict between interstate policies and constitutional law.

There may be other forms of interstate coöperation, but the list just given covers all the major types. Such others as may have developed will probably be found to be modifications of some one of these five.

Some of these interstate coöperation types are particularly applicable to certain joint enterprises having to do with things rather than with persons, and this is an important point. The problems arising from coöperative action by states as proprietaries are quite different from those which appear when joint action is taken concerning matters which call into play the police powers.

The time element is also another point which needs attention even in those coöperative plans involving only things. Certain affairs may be settled once and for all and the legislative acts providing for or ratifying the coöperative plan may well and fully provide for objectives complete within themselves and requiring no continuing administration. Where the project is one of a continuing nature the necessity for administration arises and with it troublesome questions. In all cases where the police power is invoked consideration of the time element is most important.

Despite the difficulties attendant upon interstate coöperation, the need for such action is so well recognized that every effort should be made to find a way to make coöperative effort effective. The number of matters in which joint action by two or more states would redound to the "good and prosperity of all" has vastly increased.

In summing up the weaknesses of various recognized forms of interstate coöperation it will be found that the chief of these is the failure to provide for uniform authoritative administration where the project is of a continuing nature or where it invokes the police powers of the coöperating states. The major problem, therefore, is one of providing for administration, and it must be admitted that none of the existing or suggested forms of interstate coöperation seem to provide this necessary element without some degree of conflict with "states' rights."

Even where the federal constitution has already provided for uniformity of enforcement, as it does under the provisions of section 2 of article 4, we have states refusing to recognize the extradition requisitions drawn by the executives of other states.

If it were not for the weakness due to lack of uniformity of enforcement, the uniform law plan (type 1) would, where police power alone is involved, be the easiest way out of the dilemma and, if the difficulties which arise from the tendency to delay and confuse the problem by bargaining for advantage could be overcome, the compact-commission form of coöperation (type 4) would probably settle the administration question for coöperative plans involving only things.

The reciprocity plan of coöperation (type 2) applies to only a few kinds of problems, and in the case of those problems involving economic as well as social questions it has an exceedingly limited application. This plan, however, may well be extended to cover those cases in which it would be useful. The administrative program here is not complicated and the question of states' rights does not arise.

The simple coöperative plan (type 3) has such limited application and only to specific physical problems that it needs no further consideration than already given it.

STATES' RIGHTS

When we reach a discussion of the compact plan, which involves the use of the police power or seeks to control persons as well as things, we then enter a field in which the question of states' rights immediately comes to the front.

As has been stated, the present compact plan does not involve the federal government in the administration of the plan. It has, however, been suggested that this be changed and a three-point compact plan may solve the problem of regional controls. Under this changed plan the federal government or one of its agencies would supply the administrative authority for the coöperative region.

The plan involves first the adoption of suitable amendments to the federal constitution and next a limited delegation of authority to the federal government by interested states, and in this respect it departs from the present method of delegating authority to the federal government by constitutional provision chiefly by limiting the application of the authority thus granted to the subscribing states and omitting its application in the non-subscribing sovereignties. The delegation of authority, it is suggested, may also depart from the general constitutional form by limiting the scope of those laws needed to be passed by the federal legislature.

This form of provision for administration of interstate coöperative effort will be recognized as a modification of the compact plan heretofore described as type 4, the chief modification being that a federal agency would be substituted for the commission or corporation form of control.

The plan may also be considered as one in which the federal government places at the disposal of the states involved in the coöperative plan the facilities of the federal government for its administration. One example of such a plan, although not exactly parallel in form, was the municipal bankruptcy act. This particular act placed the facilities of the federal courts at the disposal of the municipalities of those states which by suitable legislation ratified the act. This act has been declared unconstitutional on the ground that it would lead to an invasion of states' rights, a view not shared by the minority of the United States Supreme Court.

Those upholding states' rights will object to this form of coöperative administration on the ground that it substitutes administration by federal bureau or department for that by state agency, and is thus a surrender of sovereignty, and so it would be. It is generally true that partners in a joint enterprise must waive the exercise of certain individual rights if they are to profit from the partnership.

It may also be said that the suggested plan tends to build up a federal bureaucracy at the expense of the states, and this may be true or not, depending on the nature of the enacted laws. It might be possible to so limit these laws by the acts of the delegating or ratifying states as to substantially give them the status of state-made laws.

Another plan proposed is one in which federal acts to accomplish specific purposes in limited areas are made applicable only to the areas of those states which, by suitable legislation, should permit the laws to be effective. In this case the ratification by two or more states would be a form of interstate coöperation, an interstate agreement to pass to the federal government the burden of taking care of specific problems. This transfer of burdens from the states

(Continued on Page 464)

Federal-Municipal Relations—The Road Thus Far

A description of the means by which the nation has come to the aid of its cities during the depression years

FRANCES L. REINHOLD *Swarthmore College*

THE constitution of the United States says not a word about municipalities. To all intents and purposes the lowest level and the highest level of government in this country are completely divorced. Of course, the city is the creature of the state, and from that one can establish an indirect contact between federal and local units. However, the picture has not been so barren as appears *prima facie* because over the years some informal relationships have developed—perhaps as many as five hundred different varieties—in the fields of zoning, planning, education, public health, and the like.[1] Nevertheless, at the International Congress of Cities held in London in May 1932, representing forty-four nations, the United States was the only country reporting no direct link between central and local governments.[2]

With the inauguration of the Roosevelt administration, all that has been changed. For better or for worse there is now a very definite federal-municipal tie-up. While a political New Deal may be considered the efficient cause for this new relationship, the real cause is to be found in the inadequate policies pursued in public finance. Since the general property tax has long been the backbone of municipal revenues, and since the real estate collapse compelled the municipalities to rely on the state treasuries, the prolonged economic decline taxed the ingenuity as well as the purses of the states to the point where all the lower units of government were perforce catapulted into the laps of the federal government.[3] Eight of our cities are financially more important than the states in which they are located. In fact, the utter collapse of the financial institutions of Detroit so endangered the state of Michigan in the early days of 1933 that possible disaster threatened the country from the spread of ruin in this city. There has been scarcely a statute passed in Washington since March 4, 1933, which has not touched the municipal interests of the country in some way.

The Glass-Steagall banking act affected municipal demand deposits that

(Continued on Page 458)

---

[1] *Federal Service to Municipal Governments*, published jointly by the Public Administration Service and the Brookings Institution.

[2] Paul Betters, "The Federal Government and the Cities," *Municipal Year Book*, 1934.

[3] Simeon E. Leland, "Municipal Revenues," *Municipal Year Book*, 1935, holds that in 1934 in eleven states the relief burden fell on the federal and local governments, the states themselves being non-contributors. In California, the national government paid 72.4 per cent of the relief costs, while the localities met 27.5 per cent of the burden. "Out of the total relief costs in 1934, of $1,479,339,603 the federal government carried 72.3 per cent, the state governments 12.6 per cent and the communities 15.1 per cent."

Federal-Municipal Relations—Whither Bound

An analysis of the fast developing tie-up between the nation and its cities and the direction in which it is leading

MORTON L. WALLERSTEIN *Executive Secretary, League of Virginia Municipalities*

IN HIS recent book entitled "The State in Theory and Practice," Harold Laski of the University of London says: "Once more we can see before us the beginnings of a new order. Once more the economic process has become incompatible with the political forms in which it is contained. Once more we have begun that struggle between present fact and historic idea which always involves the remaking of the principles of government.

"In such situation, it is the first duty of political philosophy to examine the character of the state in its actuality rather than in its idea. It is not in what it claims to be, but in what it effectively does, that its real nature lies. Hitherto, for the most part, political philosophy has sought rather to justify than to explain; it has been eager rather to safeguard the past than to make possible the liberation of the future."

Prior to the year 1932 with one possible exception no mention of city, for which purpose we will include any incorporated community, appeared in the statutes of the United States, it is believed, although hundreds of federal services were being rendered to city governments. Up to that time local relationships with the federal government were either with the state or with the federal divisions in those states which the federal government itself had set up. Such a thing as the federal government dealing directly with the cities was absolutely unknown.

Let us examine chronologically the development of the relationship we are considering. In 1928, the first effort was made by the municipalities, through their state municipal leagues, to correct some of the defects in the excise taxes either with the Congress or the regulatory agencies of the Internal Revenue Department, in order to have exempted from certain taxes municipally-owned products such as automobiles, electricity produced by municipal plants, and so on.

During 1932 there was set up in Washington in the Reconstruction Finance Corporation a division for what were termed "self-liquidating projects" for municipalities. About a billion and a half dollars was appropriated for this purpose, the corporation to lend the money to cities for those projects which would produce revenues enough to liquidate a long-term bond issue. In its administration the governors of the states were required to secure and certify the projects to the federal government. A sincere effort was made in Virginia and various other states to coöperate with this program. However, the program offered no grants from the federal government, no attractive rates of interest, and was considerably enmeshed in red tape, which in a word made it a dismal failure practically everywhere. During the same year a desperate fight was made by the cities and towns of the country, acting through the American Municipal Association, to secure in Congress an amendment to the federal highway act to require that at least 25 per cent of the federal road funds be used for streets within the cities. An understanding was reached with the congressional leaders whereby the department under whose jurisdiction these matters were, would write that provision in its regulations. It has been there ever since. This marked the definite beginning of federal-city relations, which although indirect showed the cities for the first time their real federal political power.

THE RELIEF PROBLEM

During the early summer of 1932, the cities of the nation suddenly realized that the relief burden, which they for several years had been handling without any assistance, had reached a point where they could no longer successfully carry it, due not only to the tremendous problem of unprecedented unemployment, but to the serious, financially-embarrassed condition of municipalities in many states and the breakdown of the market for municipal securities.

In this situation, a national emergency, it was to be expected that the cities and the states would look to the federal government for assistance. There were certain elements concerning the federal government's ability to cope with this problem which neither the states nor the cities had. One was that the federal government had at least some control over the banks and might be able to resuscitate an otherwise dead public bond market. Then, too, the credit of the federal government far exceeded that of the states and cities. Beyond all this, however, was the feeling that, because some of the states were unable to bear any of the burden, the fairest thing to do was for the federal government to step in and aid all states at least to some extent. In other words, we had developed the doctrine that Michigan's inability to handle its unemployment problem was not merely the problem of Michigan, but the problem of Virginia; in fact, it was a national problem.

The emergency program of 1933, as well as of 1935, concerned the municipalities in many phases in addition to the highway matter already discussed. The cities found themselves dealing with such federal organizations as the Federal Housing Administration, the Home Owners' Loan Corporation, and other new agencies of the government.

However, this paper will discuss the relationship between the federal government and the municipalities in connection with the activities of only several of the most important agencies, such as the Bureau of Public Roads, the Federal Emergency Relief Administration, Civil Works Administration, Public Works Administration, and the Works Progress Administration.

With regard to highway programs in the cities, the state highway commissions submitted to the Federal Bureau of Public Roads a proposed plan for using the money allocated for municipal streets, which after receiving approval in Washington was administered by the state highway commission and executed by the municipal authorities with money received from the federal government.

FEDERAL ORGANIZATIONS

Regarding the Federal Emergency Relief Administration, a state director was appointed by the governor for each state and the municipalities dealt directly with him.

The Civil Works Administration was administered, in Virginia at least, through the state emergency relief director who decentralized it into various districts and the district administrators for the most part had, subject to review, complete authority as to municipal projects.

As to the Works Progress Administration, the projects were submitted to the state director and if approved by him, money was allocated upon the localities agreeing to put up the balance.

The Public Works Administration was administered through a state director, municipalities making application to him for construction of a project, and requesting from the federal government a substantial grant of funds. In addition, if conditions required it, the proposals also carried requests for the federal government to purchase the bonds of the municipalities. Where the projects were approved, the federal government supervised the jobs as a check on the expenditure of the federal money. The work was done by contract let by the cities.

In only one case out of the five different types of federal-municipal relationships outlined does any department of the state play a part.

Because of the national emergency these federal-municipal relationships were necessary, but it cannot be successfully claimed that any of them have been entirely satisfactory. Each relationship has had its weakness as well as its strength. The Civil Works Administration, one of the most urgent of the emergency programs, coming at a most acute time in our history, was set up in great haste, administered largely by inexperienced personnel, and, except in rare instances, wholly unplanned as to type and extent of projects. As a relief measure it put men to work quickly and thus saved the day, but it was very wasteful.

The Federal Emergency Relief Administration, first as a direct relief program and next as a limited work-relief program, and its successor, the Works Progress Administration, suffered from rapidly changing administrative rules, lack of planning, and lack of continuity of operation. Failure to assure completion of municipal projects once started has been and will probably continue to be the cause of much dissatisfaction.

From the viewpoint of the municipal official the Public Works Administration generally proved the most satisfactory federal agency because it was not wasteful, the projects it approved were useful, and completion and ultimate cost were assured from the beginning. Yet the strength of this program was its weakness, since in setting a new standard for public expenditures on a non-pork-barrel basis, it unfortunately surrounded its program with a centralization of administration in Washington, excessive red tape, and failure to admit that local administrations might be trusted. These, then, are examples of the way in which this new animal in the menagerie—the federal-city relation—has been built up.

Thus far most of us have attempted to develop our own abstract philosophy of federal-city relationships. Little if any effort has been made to study agencies of the type just noted in the light of three years of experience, and from their successes and failures to chart our future course. Yet it would seem that we can draw certain conclusions: (1) The relationship must be as direct as possible; (2) the program should involve a federal grant-in-aid, with a supplement of local funds; (3) the red tape must be eliminated; (4) there must be a sound local administrative setup; (5) the federal government must realize that municipal administration is just about as honest and efficient as federal administration; (6) assurance must be given that a program, once started, will not be left uncompleted by lack of funds; (7) a long-range plan backed by an enlightened local public sentiment should be adopted; (8) the United States should localize the administration of the program, placing federal responsibility for its execution on the municipal official; (9) recognition by the federal government that criticisms made by local officials are usually intended as helpful and constructive; (10) we must stop picturing as an emergency what is a probable permanent condition. If it be a permanent condition, then it requires long-range planning in which the municipalities must assume their burden through skilled and adequately financed city planning boards.

WHAT SHOULD FEDERAL AID CONSTITUTE?

We must cease to follow the ideas of the two major parties regarding relief—one holding that it must be administered by the state, the other that it is a federal problem. Its proper administration lies somewhere between these two points of view. It calls for the proper supervision of federal funds by the federal government, with some regard for local sentiment.

Much success has attended the county agent who is a federal, a state, and a local official. Cramped thinking in terms of layers or divisions of government must give way to the actuality of sound administration.

Some question may arise as to the legality of such form of direct relationship. Already the Supreme Court has passed on one form of federal aid to municipalities. The opinion of Justice McReynolds in the recent municipal bankruptcy decision holds that a federal statute permitting municipalities to become bankrupt with the consent of their respective states is beyond the power of the Congress. Of this opinion, it should in fairness be said that the usual trio together with Chief Justice Hughes dissented. In addition a rehearing of the case is now under consideration.

On the other hand, witness the language of Judge Parker of the United States Circuit Court of Appeals, Fourth Circuit, in the Greenwood-Duke Power case:

"In the light of our history, it is idle to say that, in the presence of such a situation as confronted Congress, the national government must stand by and do nothing for the relief of the general distress, confining its activities to matters as to which it is given legislative powers by the constitution. It is the only instrumentality which the people of the country have which can deal adequately with an economic crisis nation-wide in scope; and there can be no question but that, for the purpose of dealing with such a crisis, it can exercise the power to raise and spend money under article 1, section 8, clause 1 of the constitution which provides: 'That Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defence and general welfare of the United States.' "

In the light of such widely divergent opinions it must be admitted frankly that the power of Congress with reference to the federal-city relationship has not yet been defined.

Strange as it may seem, the employment of federal funds for grants to the state for just such purposes as those made under the emergency programs was officially sponsored by no less than Thomas Jefferson. In his second inaugural address, President Jefferson said: "What farmer, what mechanic, what laborer, ever sees a tax-gatherer of the United States? These contributions enable us to support the current expenses of the government, to fulfill contracts with foreign nations, to extinguish the native right of soil within our limits, to extend those limits, and to apply such a surplus to our public debts as places at a short day their final redemption, and that redemption once effected, the revenue thereby liberated may, by a just repartition among the states, and a corresponding amending of the constitution, be applied, in time of peace, to rivers, canals, roads, arts, manufactures, education, and other great objects within each state."

That is interesting language with the usual foresight of our premier statesman. Strange, too, that Thomas Jefferson in 1805 would dare as president to suggest a constitutional amendment and not insert "if necessary"!

Now Jefferson, gentleman farmer as well as a lawyer and statesman, spoke in terms of the state quite in keeping with the thought of his time, but times have changed, and surely there is but a little step from repartition of federal funds to the states to a similar action with reference to the municipalities.

From the past experiences with federal-city relationship have come new theories of government. It is not easy to prophesy what the future may have in store.

In 1930 Dr. Charles E. Merriam, professor of political science at the University of Chicago, now also a member of the National Resources Committee, said: "I do not know what is going to happen to municipal government in the United States. I think increasingly you are going to see in this country an emphasis on the urban point of view. Through what instrumentality or agency that is going to be expressed, I do not know, but one of the normal channels for expressing the position of the cities of the United States is the life of these leagues of cities in the various states, and if they choose to exert their strength, they will be in a very powerful position."

Today, that association, the American Municipal Association, the national federation of state municipal leagues to which Dr. Merriam referred, is attempting to exert its influence, not, may I say, as a pressure group, but as a group to present pertinent facts to the various federal departments and to the Congress itself. If it continues along its present path, it should gain the confidence of those attached to the federal government. It is endeavoring to produce, after thorough research, the factual situation with reference to the cities of the nation. It is essential that it be kept a group more like an arm of the government to assist other arms of the government and not in any way a lobbying group.

In any consideration of this problem of the further development of the dual relationship, we must realize that 56 per cent of the population of this nation in 1930 was urban, although only twenty-one states were predominantly urban. Yet the municipalities of the country have just found out in the last three years that they have the power to present and have the Congress and federal agencies understand their problems. Contrast this with the inability, even in the predominantly urban states, of the municipalities securing any semblance of justice from state legislatures and the handwriting on the wall can be seen. The states must, and this does not mean a decade from now, but now, begin to realize that cities are local government units entitled to fair treatment; otherwise, I believe that we will find the cities ignoring mother and looking to adopted grandmother for aid. Those who believe in more local handling of local problems, in home rule for cities, in a sympathetic relationship between the city and its mother, the state, can hardly help but deprecate these developments now taking place along national lines and realize the danger that the cities will turn more and more to the federal government if the states continue to be so slow in recognizing the seriousness of the problem.

Editor's Note.—Address delivered July 13, 1936, before the Tenth Institute of Public Affairs, University of Virginia, Charlottesville, Va.

FEDERAL MUNICIPAL RELATIONS

(Continued from Page 452)

had been placed in federal reserve banks.

The federal economy bill served as a model for similar salary reductions and consolidations on municipal payrolls.

Thousands of boys between the ages of eighteen and twenty-five were removed from cities and placed in the federal Civilian Conservation Corps.

The establishment of the Tennessee Valley Authority affected all the cities in the surrounding area.[4]

The NIRA had an unforeseen repercussion on cities. National, state, and county governments were exempt from the price-fixing provisions of the codes, but cities were classed with private purchasers and consequently were unable to reap the benefits of competitive bidding.[5]

Furthermore, title II of the NIRA offered federal aid to states, counties, and municipalities to the tune of $3,300,000,000 to be expended in public works.[6] The policy pursued was similar to the long familiar grants-in-aid, but accompanied also by a cash subsidy. At first the federal government agreed to give the city 30 per cent in cash of the cost of labor and materials and to lend the rest at 4 per cent interest. Later many cities withdrew their applications because they felt that the 4 per cent interest rate was too high and that they could obtain lower rates in the open market.

In 1935 the interest rate was dropped to 3 per cent. The cities put up their bonds as collateral. Later the cash subsidy was increased to 45 per cent.[7] Incidentally there was an interesting reaction from the government's assumption of the role of investment banker. It appears that by providing a market for municipal bonds, the federal government has realized on its own investments by reselling some of its municipal holdings to private investors. In the last two years it is said that the PWA has made over a million dollars profit in this way.[8] The RFC sells the collateral held by the PWA. The PWA itself does not enter the market.

While there have been many advocates of federal aid to municipalities, one occasionally runs across a dissenting opinion, as for example: "In order to secure the 30 per cent direct grant from the federal government which accompanies a loan, municipalities naturally accept all the federal loans they can obtain. A gigantic contest has, therefore, arisen to see which municipalities can produce the most ingenious methods of spending money, and which can exert the most pressure upon the administration."[9]

Since the cities are the agents of the states, the latter have taken good care to establish a debt limit for the local areas—sometimes by statutes and other times by constitutional amendment. Hence there is usually a provision that a city may not borrow above 5 per cent of its assessed valuation. This was the customary limit during normal times. When the depression broke, many of the states raised their cities' borrowing capacity to 7 per cent or 10 per cent. But even this was absorbed so that when the federal government offered aid, it was sometimes necessary to pass constitutional amendments to make it possible for the localities to avail themselves of this opportunity.[10] Of course, if the states really objected to their local units borrowing from the national government, the President would not have the power to ignore the state constitutions.[11] As a matter of fact, the states seem to have been only too eager to have the municipalities go elsewhere for support. One wonders if there was really any alternative. It is demoralizing to any government to have to eliminate essential services or to default on interest payments in behalf of economy. Those two pitfalls are to be avoided at almost any price. For the elimination of essential services the city pays dearly in increased crime, bad health, and poor citizenship. Insurance companies raise their rates in proportion to the curtailment of municipal protection. For defaulting on interest payments, it brands its credit for years to come. Suffice it to say that the cities received financial and advisory aid from the central government for water works, sewer systems, electric light plants, streets and highways, bridges, schools, hospitals, and playgrounds.[12]

---

[4] Earle S. Draper, "The TVA Replans a Town. Coöperation between the local residents and the national authorities of Caryville." *American City*, Jan. 1936, 51:59.

[5] Russell Forbes, "Public Purchasing," *Municipal Year Book* 1933. See also, "NRA Codes and Municipal Tax Rates," *American City*, 48:60, October 1933.

[6] "Federal Loans and Grants Now Available for Local Public Works and Municipal Improvements; with Statement of Conditions." *American City*, 48:35-36, July 1933.

[7] As of January 1936.

[8] Harold W. Dodds, "Federal Aid for the City," *Yale Review*, Vol. 25:96-112. Autumn 1935. *New York Times*, Nov. 19, 1934, 27:3; Nov. 20, 1934, 3:3.

[9] John M. Egan, "The Case for Decentralization," *Commonweal*, 20:283-5, 301-2, July 13-20, 1934.

VOTERS APPROVE PROJECTS

Press release No. 1805[13] reports that the electorate approved of 83 per cent of the proposals submitted to it involving assessments to meet federal grants for public works projects. A nationwide survey on an unprecedented magnitude, counting over ten million polled ballots, revealed that the elections were carried by a margin of two to one. Ickes ordered the forty-eight state directors of PWA to give a detailed report of all elections held in their respective states concerning PWA projects. About 99½ per cent of the original PWA is now under contract and four thousand local projects are being constructed under its auspices.

Because the PWA was by its very nature a slow-moving mechanism, due to its attempt to thoroughly survey the need for long-term planning in the construction industry, the CWA was created to speed re-employment. The creation of a Civil Works Administration with an appropriation of $400,000,000 left from unexpended public works funds was intended to remove four million persons from relief rolls by providing jobs on local as well as state and federal projects. Furthermore, the Census Bureau and the CWA conducted a joint survey to investigate the municipal and county tax delinquency and the financial status of these communities throughout the country. The CWA lasted from November 1933 to April 1934, when it was succeeded by the Local Works Plan.

PRESSURE GROUPS

In order not to place the onus of aggressive intervention wholly on the federal government, attention should be called to a new pressure group that is working valiantly for increased slices of the federal treasury for cities. This lobby is none other than the honorable United States Conference of Mayors representing one hundred and twenty of the largest cities, having a president, a vice-president and headquarters in Washington. All things considered, it has been quite successful in gaining its ends. For example, when the LWD proved inadequate, the mayors' conference proposed that the federal government should provide for all the "employables" on the relief rolls, and that the cities would take care of the "unemployables."

---

[10] E. H. Foley, Jr., "Legislative Requirements for Making Federal Funds Available to Municipalities," *American City*, 48:68. Also E. J. Ackerson and J. P. Chamberlain, "Legislation and Municipal Debt," *American Bar Association Journal*, 21:310-12, June 1935. Karl Scholz, "Municipal Borrowing and Legal Debt Limits," tables, chart, *National Municipal Review*, 24:323-7, June 1935.

[11] See sec. 203 of the public works act. Also E. H. Foley, ibid.

[12] "Lasting Benefits from CWA and FERA Grants," *American City*, 50:41-2, March 1935.

[13] Recorded in *Financial Chronicle*, February 15, 1936, vol. 142.

Upon Roosevelt's willingness to follow this suggestion, Congress appropriated $4,880,000,000 on January 4, 1935, for the newly created Works Progress Administration. As of December 28, 1935, the last date for which official figures are available, the new works administration had employed 3,508,813 persons (exclusive of housing, PWA and other similar projects). It has been estimated that the localities are caring for a total of two million "unemployables."[14] Of these, the localities claim that 500,000 are really "employables" and should be cared for by the federal WPA. Therefore, the mayors' conference proposed another congressional appropriation of $2,340,000,000 to continue work relief for the next financial year. In presenting this petition to Congress the mayors' conference said:[15] "Our reports indicate conclusively that it is an impossibility for the cities, counties, and states to carry this 500,000 load of employable relief cases in addition to meeting the full and complete costs for care of the unemployable group. And to this burden there must also be added about 22 per cent of the cost of the WPA program, which is the national average of city contributions.

"We are of the unanimous opinion that it is essential for WPA to be given sufficient funds to provide work for at least three million *bona fide* employable relief cases which would take care of twelve million men, women, and children. To do this, approximately $2,340,000,000 is required if the federal government's responsibility is to be properly and fairly met. This is a minimum figure of funds needed and for which federal aid is required if a critical situation is to be avoided."

As of March 18, 1936, Roosevelt asked Congress to appropriate an additional billion and a half dollars—which represented a compromise between the amount requested by the mayors conference and the reduced expenditures demanded by the vocal conservative elements in the country.[16] Incidentally, the mayors' conference has (January 1936) appointed a committee of fourteen mayors to deal with federal legislation affecting municipalities.

HOUSING PROJECTS

The incorporation of the housing division of the PWA for slum clearance projects was a direct invasion of a heretofore purely local prerogative. However, the cities did little about it when they had the opportunity. While it is unquestionably a moral and humanitarian necessity, it must be remembered that the cities are saddling themselves with an unprecedented maintenance debt to meet this obligation. Contracts have been let on thirty-eight housing projects throughout the country, involving an expenditure of a little over $100,000,000.[17] The whole housing program appears to be open to serious question as to its constitutionality, and it has generally been admitted to be one of the weakest links in the New Deal chain. It has even been predicted that federal housing will eventually lower the return on all existing properties. So much more is at stake here than the financial incidence, however, that it is more prudent to withhold judgment, pending further enlightenment. It is noted here because its potentialities for consolidating federal-municipal relationships are enormous.

---

[14] "More Federal Aid Essential," *American City*, February 1936, 51:5.

[15] Ibid.

[16] First deficiency bill public No. 739, 74th Congress, approved June 22, 1936, granted the President an appropriation of $1,425,000,000.

[17] *American City*, February 1936, 51:67.

The passage of the federal securities act with its stringent regulations over the issuance of stocks and bonds was purported to have increased municipal debts.[18] It seems that the only section of the act which concerns city obligations, however, is section 17 dealing with fraudulent interstate transactions, followed by section 24 which levies penalties for wilful violation.[19] Still the indirect repercussions of the act are probably beyond measure.

The home owners loan bill certainly saved many municipalities from the necessity of taking over unwanted property which may or may not have brought returns in the open market. At any rate federal aid helped the cities to collect on their back taxes.

The AAA benefited cities to the extent that it was authorized to purchase surplus material for distribution among the unemployed and thus lightened the local burdens by $75,000,000.

On May 24, 1934, Congress passed an amendment to the federal bankruptcy law which was designed to ease the financial difficulties of local units. This municipal debt adjustment act was an unprecedented piece of legislation.[20] Two years later, to the day, the Supreme Court declared the act unconstitutional, showing that there is after all a limit beyond which the federal government may not directly go in its relationships with cities.[21]

The federal war on crime has brought increased coöperation between the upper and lower levels of government. While the states still remain the reservoir of the police power, by incorporating an ever widening circle of crimes into federal statutes, the national authorities have been increasing their domain. During the 73rd Congress twenty-one anti-crime measures became law, making federal offenses such things as the assault of a federal officer, the robbing of a federal bank, and kidnapping across a state border line. Some of the bills provided for federal regulation of firearms and for improved court procedure. The Federal Bureau of Investigation's famous fingerprint index and crime laboratory were enlarged for the use of all law-enforcing units. The increase in uniform crime reports from the localities to the federal government and the establishment of a training school for local police officers are outstanding achievements in federal-municipal relations.

While the social security act is unquestionably far reaching in its implications, its effect on municipalities at this writing is problematical. Certainly municipalities ought to benefit from the provisions for aiding the aged, dependent and crippled children, maternal and child welfare, public health and from the administration of state unemployment compensation laws.

The utilities act of 1935, providing for the regulation of utilities holding companies and confining their action to a single integrated system, gave an additional advantage to the municipal utilities. Incidentally the private utilities have been complaining that it is unfair for the federal government to tax them heavily and then to redistribute those taxes to the municipal power plants with which they must compete. They object to the idea of subsidizing a competitor.

---

[18] *New York Times,* July 20, 1934, 16:2.

[19] *Financial and Commercial Chronicle,* July 8, 1933, 137:348.

[20] A. M. Hillhouse, "Federal Municipal Debt Adjustment Act," *National Municipal Review,* June 1936.

[21] See note on Supreme Court's decision, *National Municipal Review,* July 1936.

Many court cases have been instituted to restrain the government in this practice but the defense always argues that it causes no legal injury to private utility companies.[22] As recently as January 1936, a United States District Court held that a PWA administrator had not exercised illegal power in lending funds to a county for a self-liquidating hydroelectric plant.[23] A similar decision was reached by the United States District Court of Southern Iowa.[24] It must be noted in all fairness, however, that there was an adverse ruling by a federal court sitting in Coeur d'Alene, Idaho, in December 1934, which held PWA loans for the construction of a municipal electric system, strictly intra-state in character, to be invalid.

The revenue acts of 1934 and 1935 and the banking act of 1935 creating permanent deposit insurance have all inindirectly affected municipalities.

The President has been greatly concerned with the problem of a coördinated tax system for all taxing units. To that end he has called several conferences and appointed committees to work on a feasible scheme for eliminating duplication and tapping the best sources in each unit.

The splendid work being done by Leonard D. White and his supporters in improving public personnel has caught sympathy in at least one municipality. Cincinnati is now conducting a survey which aims for increased efficiency as a result of "service pooling."

PLANNING STRESSED

"In all its relationships with public works, Washington is emphasizing the importance of state and city planning. Under the leadership first of the National Planning Board and later of its successor, the National Resources Board, forty state planning boards [forty-six at the present writing] have been created with staffs and consultants paid for, in part, by FERA funds. In several states, the planning boards have been established on a continuing basis by acts of the legislature."[25] Congress has before it the Copeland bill for the creation of a permanent National Planning Board, section 4 (b) of which reads, "to consult with, coöperate, and participate in the work of any existing or future agencies of the federal government and of any state or *local government,* as well as with any public or private planning or research agencies and institutions."

A summary of the laws passed by the forty-seven state legislatures which met in 1935 "reflects the impact upon local government of the depression-born undertakings of the federal government. The grist of the statutes includes many made necessary by the activities of the RFC, PWA, FDIC, and the amendment to the bankruptcy act affecting municipal debt."[26]

It has frequently been alleged that with federal aid will come the intrusion of federal politics on helpless localities. That may or may not be true, but the most conspicuous instance in support of such an allegation came from the ruling of Secretary Ickes which would have barred Park Commissioner Robert Moses from the Tri-Borough Bridge Authority of New York. The representatives of twenty-three civic and commercial organizations passed a resolution which read in part, "Be it resolved . . . that Public Works Administration Order 129 should be reconsidered, as the carrying out of such order would necessarily result in federal interference with the administration of municipal affairs which would be at variance with accepted principles of local government."[27]

---

[22] H. T. Hunt, "Power of the National Government to Finance Competitive Industries of Cities," *American City,* October 1935, 50:53-4.

[23] U. S. District Court, Western District, South Carolina: *Duke Power Co. v. Greenwood County, S. C., 12 Fed. Supp. 70.*

[24] *Iowa Southern Utilities Co. v. Town of Lamoni, 11 Fed. Supp. 581.*

[25] H. W. Dodds, "Federal Aid for the City," *Yale Review,* ibid.

[26] *1935 Digest,* compiled by Irving Tenner of the Municipal Finance Officers' Association, Chicago, Illinois.

Leaving the field of what has been done to unite the federal government with the various municipalities, let us turn to the proposals that have been made for what might be done.

In 1934 there was a small undercurrent of opinion that favored giving municipalities the power to issue currency against approved municipal bonds.[28] The objections to such a plan are so obvious as to need no elaboration.

Again it has been suggested that postal savings be opened up for municipal deposits. Mayor La Guardia in 1935 proposed the erection of a national municipal discount bank to act as an agent for cities. This bank was to be independent but connected with the federal reserve system and its chief function would be to give cash for municipal bonds in time of need.[29] The plan received the endorsement of two hundred mayors.

Apparently serious consideration was given to the proposal to have the RFC advance funds to cities on tax-receivable warrants,[30] though the idea was subsequently dropped.[31]

Competent authorities went into print on the proposal to have the federal government lend money to cities for public works without interest charges.[32]

TAX EXEMPT SECURITIES

The whole problem of exempting government bonds from taxation is coming more and more to the fore.[33] In fact, on March 8, 1934, Secretary of the Treasury Morgenthau recommended to the House Judiciary Committee that a constitutional amendment be drafted which would permit the federal, state, and municipal governments to tax each other's future security issues.[34] It was his estimate at that time, that such an amendment would yield $145,000,000 annually to the federal government. By and large, he estimated that the number of tax-exempt securities outstanding totaled $40,000,000,000. Rosswell Magill, Morgenthau's tax adviser, said that at the close of 1932 there were $17,770,000,000 state and municipal securities exempt from income tax payment. President Roosevelt is likewise on record as favoring taxation of future issues of municipal bonds.

It appears to be true that the new federal aid is proportionally more beneficial to smaller cities and rural communities than to the large metropolitan areas, though such a conclusion is reached by the precarious method of subjective evaluation. That the new federal-municipal set-up will probably be permanent is indicated in a small way by the recent appointment of Earle D. Mallory as a full time representative in Washington for the American Municipal Association, an organization for the promotion of the welfare of five thousand municipalities. The desirability of this new bond between the highest and lowest government levels is controversial as can be seen from the following contradictory testimony of two eminent authorities. Harold W. Dodds holds that "federal participation in local government takes on the color of a vast equalization and betterment scheme which, if practical considerations are disregarded, offers almost the attractions of a new social order."[35] Murray Seasongood on the other hand dissents. "The great difficulty is that federal intervention relieves these communities from the consequences of their folly. And the only way they are ever going to get anywhere is to let them feel the folly that they have committed, so that they will not do it again."[36] While a prophetic conclusion in the present "state of the nation" would be out of order, it is safe to say that a projection of the present discernible trend in federal-municipal affairs ought to be accompanied by a far-reaching change in the field of public finance. Coördination of taxation may be trite at this repetition, but it is none the less fundamental. Realignment of taxing sources, scientifically determined, on the basis of the most satisfactory yield to each unit is not only desirable but necessary. Coöperation of all taxing agencies by some such means as extending the principle of the 80 per cent clause in inheritance taxation to other kinds of revenues would be helpful. Improved budgeting and accounting technique, and long range planning will make the new legal, moral, economic, and political relationships between the federal and municipal governments more satisfactory, less burdensome, and more serviceable to the general public.

---

[27] *Financial Chronicle,* 1935, page 409.

[28] Paul Betters, "The Federal Government and the Cities," *Municipal Year Book* 1934.

[29] *Financial Chronicle,* January 5, 1935, page 51.

[30] *New York Times,* January 24, 1934, 8:3.

[31] *New York Times,* May 4, 1934, 15:8.

[32] *New York Times,* January 6, 1935, 2:4.

[33] W. T. Field, "Tax-Exempt Municipal Securities," *American City,* August 1935, 50:77.

[34] *Financial Chronicle,* March 10, 1934, pages 1666-67.

---

[35] H. W. Dodds, *Yale Review,* ibid.

[36] Murray Seasongood, "Local Government Muddle," *Annals,* American Academy, Sept. 1935, 181:159-64.

INTERSTATE COOPERATION

(Continued from Page 451)

to the federal government has been done in the case of specific purposes for the whole national area, as for example, in the case of the maintenance and government of the army, the navy, and the postal service. An extension of this system but with application only to those areas or states accepting it would be an innovation.

COOPERATIVE PLANNING

There is, however, one form of interstate coöperation which may be carried out without conflict with states' rights and this is coöperative planning by the states. In this case, as there are no administrative problems involved, there are none of the embarrassments arising from conflicts with state sovereignty. As the boundaries of the problem regions change, various combinations of states may join in the study of different specific problems and thus problems which transcend state lines may be completely covered. From such planning there should be developed such convincing evidence of need for state action that the several states interested in particular problems may be induced to enact suitable uniform legislation for remedying the troubles uncovered. Where uniformly capable administration is provided this is the least involved and may prove the most practicable method of providing for interstate coöperation.

The general purposes of the federal and state constitutions are to insure domestic tranquility, promote the general welfare, and protect the liberties of the people. If to accomplish these purposes the people, in whom all powers are vested and from whom all powers are derived, find that in their capacities as citizens of problem regions having specific problems they are estopped from having these problems efficiently solved by reason of their own acts as citizens of the nation or as citizens of a state, then the people will in the end find a way out of this "no man's land" of government. Let us hope that this may be done without an increase in government.

Editor's Note.—Address delivered July 14, 1936, before the Tenth Institute of Public Affairs, University of Virginia, Charlottesville, Va.

Effect of the Depression on State-Local Relations

Local financial difficulties and the greater capacity of the state to raise money have forced cities to accept state dictation in fiscal matters

HOWARD P. JONES *Executive Director, National Municipal League*

THE depression has had its effects upon the relations between states and local units as it has upon almost every other activity and relationship of local government. These relationships, however, have been peculiarly subject to adjustments forced by the strain of local financial difficulties because of the legal dependency of cities and other local units upon state government as well as because of the state's greater revenue-raising capacity.

But a discussion of trends is apt to be highly theoretical unless it has its foundation in recorded happenings. A brief summary of some of the outstanding events in the field of state and local government during the depression may prove worth while.

Since the beginning of 1930, these events have taken place:

27 states have adopted sales taxes. (6, however, have dropped them in this period, leaving 21 with sales taxes now.)

22 states have adopted income taxes or increased income tax rates. (The state of Washington, where both personal and corporate income taxes were held unconstitutional, is not included.)

20 states have adopted or increased gasoline taxes.

The following miscellaneous taxes were adopted or increased:

Chain store	23 states
Liquor	31 states
Non-alcoholic beverages	31 states
Cigarettes and tobacco	17 states
Public amusement	16 states

37 states have increased state aid to local units of government.

7 states have adopted over-all limits on real property taxes.

8 states have adopted homestead exemption laws.

14 states have adopted county home rule laws or laws granting counties an opportunity to revise their structure in the interests of greater efficiency.

7 states have transferred important functions from local units to the state.

94 cities have adopted the city manager plan.

7 counties have adopted the county manager plan.

Approximately 3200 counties, municipalities, and special districts are now in default on their obligations. Only two-thirds of these, it should be said, are in default on general obligation bonds, the remainder being in default on special assessment district obligations.

1 state has defaulted on its bonds but satisfactory arrangements for payment have been reached with its creditors.

Through 1935, 14 states had issued bonds for unemployment relief.

Many cities, it is impossible to say how many, have issued bonds for unemployment relief or deficiency bonds for current expenditures.

4 states have abolished property taxes as state revenue. (In addition South Dakota eliminated the state general tax levy for 1934 and California eliminated it for 1933-1934.)

21 states adopted laws increasing financial supervision over local units of government since 1930.

The picture is at first glance a peculiarly confusing one. Side by side with laws providing for a greater measure of home rule stand laws providing for a greater degree of administrative supervision over cities. Side by side with laws increasing state taxes stand laws decreasing the general property tax for state purposes. Side by side with measures for additional state aid to local units of government during a period of financial stress stand laws restricting the amount of taxes these local units may levy upon real property.

Such apparent inconsistencies become understandable, however, upon closer scrutiny. Home rule, applying as it does primarily to the structure of local government and important matters of local policy, is not necessarily inconsistent with a greater measure of state administrative supervision. Increase in state taxation from sources other than real estate developed not only from a desire to relieve real estate so far as possible but from the impossibility of real estate in a period of declining values supporting the additional burdens heaped upon state and local government. For the same reason, property tax limitation laws were established (in my opinion in a misguided effort) to relieve real estate—replacement revenues coming from state aid, in turn obtained from sales taxes, income taxes, or other sources of revenue available to the state but not to the local units.

Phrased another way, we see in these happenings the breakdown of local finance due to the depression, the state's coming to the rescue through the establishment of additional taxes from sources other than real estate and the distribution of some of these revenues to the localities, the tendency to restrict further the power of local units to levy real estate taxes, the increase in state supervision over local finance and the effort to achieve greater efficiency in local administration by the improvement of municipal organization.

FLOW OF POWER

It should be apparent that the subject of "state-city" or "state-local" relations is so vast that volumes have been written about one corner of the problem in a single state. What we perhaps should be primarily concerned with here, then, is what might be termed the *flow of power*. In what direction is power flowing these days—from the center to the extremities or from the extremities to the center? Is there a tendency for local government to become stronger and more vigorous as the state government becomes less so, or is the state government becoming stronger at the expense of the local units? Or, another possibility, are they both following similar trends, that is, both expanding in certain directions or contracting?

The local units, are, of course, the legal creatures of the state. It is hardly necessary to recall that the constitution of the United States does not mention local units of government, although such existed when the constitution was adopted, and that all powers not specifically delegated to the federal government are reserved to the states or to the people. Legislative abuse of this power, however, led to the municipal home rule movement which in sixteen states freed cities and villages to carry on their functions of local self-government as a result of amendments to state constitutions limiting the power of legislatures in the regulation of municipal affairs. Such amendments took various forms, the most satisfactory simply forbidding the legislature to pass special laws on any subject, and granting municipalities simultaneously the necessary power to draft their own charters. It is at this point that we run into one of the chief legal distinctions between cities and villages and other units of local government. In most states, although not in all, this restriction on legislative power applied to cities and villages but not to other local units of government and special legislation applying to these other units remains to this day a serious abuse in many states.

These home rule laws in some instances permitted the legislature to pass special legislation to meet emergencies. Thus section 2 of article XII of the constitution of the state of New York provides that: "The legislature shall not pass any law relating to the property, affairs, or government of cities, which shall be special or local either in its terms or in its effect, but shall act in relation to the property, affairs, or government of any city only by general laws which shall in terms and in effect apply alike to all cities except on message from the governor declaring that an emergency exists and the concurrent action of two-thirds of the members of each house of the legislature."

ENCROACHMENT ON HOME RULE IN NEW YORK STATE

As a result of the depression there has been definite incursion by the state upon this home rule power. The emergency message has become a formal gesture on the part of the governor as a result of precedent established by former Governor Alfred E. Smith after passage of the home rule law in 1924. As a result a large number of special laws have become fastened upon the municipalities covering all sorts of subject matter which should be dealt with by local rather than state law. For example, at this last session of the New York legislature an emergency message from the governor accompanied a law requiring dog licenses in one municipality. Of the 944 laws passed by the 1936 session of the New York legislature, sixty were special acts applying to New York City, covering subjects usually within the realm of local action under the home rule law. An emergency message and a two-thirds vote of the legislature were required to pass a law regarding the licensing of plumbers and one concerning birth reports.

Not only is this serious from the standpoint of the violation of the principle of home rule involved in the passage of such special legislation—it is perhaps even more serious because of the uncertain status of such laws. Can they be repealed by local law? Probably not, and if not, then presumably they must be repealed in the same manner they were enacted—by special law under authority of an emergency message from the governor and a two-thirds vote.

While this may be true only in New York State, it is an example of the kind of paring away of the power of local self-government against which it is necessary to be constantly on guard if municipal home rule is to remain anything more than an agreeable fiction.

Of greater general significance, however, is the incursion on the power of local self-government from the financial side that has developed in practically every state that has had home rule.

It is almost axiomatic that financial control follows financial assistance. The tendency of state legislatures to pass laws providing for a greater degree of supervision over local finances is apparent. Most of these laws, exerting more stringent control over the incurring of indebtedness and providing for more adequate budget and accounting procedures, have been constructive. Some of them, however, such as those establishing rigid limits on property taxation, can hardly be so regarded. Under the guise of restricting taxation, they constitute serious incursion on home rule and a definite flow of power toward the state.

FINANCIAL INROADS ON HOME RULE

Since the state of Missouri in 1876 made its pioneer effort in the direction of municipal autonomy, "home rule" has been a slogan and a philosophy of local self-government that has exerted tremendous influence upon the development of our cities in the last half century and bids fair to do the same with respect to county government of the future. Reformers of the generation just past fought, bled, and died for municipal home rule which meant in general the right of a municipality to run its own affairs without interference from the state legislature. Then came the depression. The rush of municipalities to the state and federal government for financial assistance was like a herd of cattle plunging toward a water hole in a drought. The assistance was granted but not without its price. It is difficult for a suppliant to remain quite independent. Little did most advocates of municipal home rule realize that the work of two generations was to be undermined from the financial side. Picture a city, operating under a home rule charter, but hemmed in by stringent limitation on the amount of taxes it may levy which forces it to become dependent upon the state government. What reality is there to local self-government if taxpayers are unable to determine what services they want and are willing to pay for?

Perhaps equally important, what stimulus is there to economy in local government? There are inevitably two questions that must be answered whenever state aid to local government is mentioned. First, where is the state obtaining or to obtain the money and how is this money to be distributed? The popular sources of state aid at present are income tax, gasoline tax, and state-wide sales tax. Practically every state which has adopted over-all tax limitation, for example, has had to go to the sales tax. The small home owner, to whom tax limitation is so frequently presented as a panacea, is most naive to think he will incur a net saving in his tax bill as a result of tapping some other sources of revenue through the state government. The sales tax, for example, would undoubtedly cost the average home owner more than the amount he would save through his real estate taxes, and in addition he has lost one of the most important pressures for economy in local government—the scrutiny of local budgets by the real estate taxpayers who must support the services rendered their property.

As for the method of distributing state aid to the localities, this presents a knotty problem that has yet to be solved on any satisfactory basis. It must not be forgotten that the original conception of state aid was a grant to be matched by the municipality for the purpose of stimulating local expenditure in certain functions in an effort to raise local standards. We have not yet generally developed brakes for state aid. Under tax limitation, for example, is a given city to draft its own budget and then receive from the state the difference between the amount of its local revenues and the aggregate amount of its budget? The question answers itself. It is impossible to have a satisfactory system of state aid without some measure of distribution. The ideal measure would be directly related to local needs and requirements. But where are we to find such a measure? Failing this, would our units of local government willingly submit this determination to a state agency? It would be tantamount to letting the state determine the aggregate amount of the local budget. If not, we are exactly where we started. So long as the requirements and desires of communities differ, just so long is it necessary for them to have the power to tax themselves to obtain the services they demand. This is important for two reasons: first, they are thus able to get what they want by paying for it; second, their demands are controlled by their capacity to pay.

Whether we like it or not, the predominant trend today in state-local relations is toward the greater dependency of local units upon the state. Startling illustrations of the trend are: (1) the establishment by New Jersey of state receiverships for insolvent municipalities; (2) direct supervision over the affairs of three cities in Massachusetts by state-appointed finance commissions; (3) the establishment of the North Carolina Local Government Commission with broad powers of control over local debt and other matters of local finance. Accompanying it, interestingly enough, is also a movement for county home rule. While this latter trend is important because it leads in the direction of improved structure of county government, it is questionable whether counties, since they are primarily administrative agencies of the state, will ever achieve any substantial degree of autonomy. The exceptions to this will probably be suburban counties.

In all this, however, we should not lose sight of the fact that while local units are the legal creatures of the state the simplicity of this conception is apt to lead us into half truths. The modern city is the most dramatic and most complex of all the present-day social and economic phenomena. Realistically the city is an entity whose existence cannot be challenged. While legally it may be the creature of the state, realistically, the state today is much more the creature of its cities. Remove the cities of New York State, for instance, from its taxing jurisdiction and the financial effect upon the state government would be well nigh disastrous. But the cities for the most part would go their way relatively unconcerned, and the taxpayers within their boundaries would no doubt be somewhat better off. New York City, for instance, in various forms of taxation, contributes probably $160,170,000 to the state government. It raises from property taxes approximately $471,296,000 for its own purposes and receives about $89,240,000 back from the state in the form of state aid. Its net loss, therefore, to the state, is approximately $72,930,000. Albany County contributes about $4,288,000 to the state and receives from the state in the form of state aid $2,540,000. Its loss to the state is therefore approximately $1,748,000. Erie County, the majority of whose population live in Buffalo, contributes approximately $3,527,000 more to the state than it receives back in the form of state aid. Monroe County, the site of Rochester, contributes $3,000,000 more than it receives.

This is the realistic side: the wealthier areas, comprising largely the urban and suburban territories, are actually contributing far more to state government than the local units of government operating in those areas are receiving in the form of state aid. Part of this money goes to support the state government but part of it also goes to support local units of government in other sections of the state in the form of state aid. It is impossible with available statistics and standards of measurement to estimate the net benefit accruing to the wealthier areas as a result of this process. The benefits are as much intangible as they are tangible. No criticism of this policy is involved here. The only purpose of these figures is to show that, after all, the dependency of the city upon the state is legal rather than economic in origin. Our review of depression legislation established rather clearly the fact that local units of government were becoming more dependent upon the state for their revenues. It is important to understand the nature of this dependency and to realize that it flows in the first instance from the legal status of the city or other local unit as a creature of the state and second from the fact that, because it operates over a wider area and has broader powers, the state is a better collection agency.

TRANSFER OF FUNCTIONS

There is another important trend in state-local relations that must be considered here. What of the transfer of functions from local units to state government? Is this trend to be considered favorable or unfavorable? The question is more likely to be answered with prejudice than with facts. The facts apparently are these: (1) the smaller local units generally have not been operating efficiently; (2) their areas have been too small to administer and to finance adequately the services demanded; (3) the resistance to consolidation and reorganization in the interest of greater efficiency has prevented the correction of this situation. Taxpayers have been in no mood to trifle. The farmers of North Carolina in insisting that the state take over certain county functions may have been selling their home rule but they were keeping their farms. The same tendency is noticable in many other states, particularly Virginia; but those who believe in a vigorous system of local self-government will regret this trend and believe it can be headed off by adequate legislation permitting transfer of functions as between local units, the abandonment of unnecessary local units, and the consolidation of others, together with opportunity for local adoption of improved forms of government and better methods of administration.

There is not the slightest question that local government in the United States is showing rapid improvement these days. Better personnel, improved methods, modernized structures are evident on all sides, particularly in our cities. The same may be said of state governments generally. But the increasing financial dependency of cities upon state government is in the direction of weakness rather than strength. We need not regret the transfer of functions from ineffective rural units to state government—in that way may lie efficiency; but our city governments, which have contributed so much to the experimental process of government and administration, can only lose vigor in an artificial dependency upon the state. This is not to say that state aid to cities should be abandoned as a fiscal policy but rather to urge the necessity for invention of devices which, while supplying cities with the funds they require, will enable the taxpayer, directly or indirectly, to exert a healthy control over expenditures.

In brief, we must recognize that local government serves common needs and that civilized progress demands continuance of the opportunity to serve future needs yet unseen. It is essential that citizens have adequate ways to control expenditure but it is equally important not to establish artificial limits that prevent the achievement of socially desirable objectives. The healthy city is not one that waits hat in hand at the state capitol for alms.

The way probably lies in the direction of state specification of high administrative standards and state supervision of local units to make sure that these standards are upheld, in reorganization and consolidation of local governments to give us units capable of administering services efficiently, together with a degree of local autonomy insuring the responsibility of local officials to those who foot the bills.

Editor's Note.—Address delivered July 13, 1936, at the Tenth Institute of Public Affairs, University of Virginia, Charlottesville, Va.

The Pressure For Local Spoils

"Take care of your people and your people will take care of you." — Edwin H. Vare

RICHARD C. SPENCER

Western Reserve University

On the eve of the destruction of the old court house of Cuyahoga County at Cleveland some old political letters of 1908 and 1909, apparently forgotten or abandoned in some old desk, came to light. They were addressed to the board of county commissioners or to individual members thereof and lend rather vivid color to the common American pattern of metropolitan spoils politics. They are applications, petitions, and recommendations for minor jobs in the county administration—seventy-six in all. In spirit and form they might just as well have been written since the last election. Some of the then existing political organizations mentioned in the letters still bear the same names while counterparts of others exist today in similar ephemeral campaign clubs. Names of persons, of course, should not be mentioned and would be of no general significance. Likewise, of no particular significance is the fact that these letters are of Republican origin and are addressed to a new Republican County administration. No doubt the Democratic party is just as familiar with similar letters when that party is victorious. It was merely that Republican letters came to light.

The material is significant in illustrating the wide-spread petty geographical and political group pressure for lowly jobs, the emphasis on party loyalty and service as proper qualifications, both with regard to the expectation that the appointing authority will act partisanly and to the attitude of applicants and their supporters that party service naturally and unquestionably merits the reward of a political appointment. Some of these communications are in the form of regular petitions clipped into cover sheets, others are merely letters of recommendation of applicants or are direct applications; but many a simple letter of application or of recommendation was turned into a petition by having additional signatures of prominent ward, city, or county politicians attached.

Communications from Republican clubs are most numerous: ten different ward clubs, the clubs of county-wide significance such as the Western Reserve (Republican) Club, the League of Republican Clubs, the executive committee of the Republican party, and the clubs having special names, e.g., the J. C. Fremont Republican Club and the Rough Riders Republican Club. Labor organizations are also represented, though stating their nonpartisan position: the Journeymen Stonecutters' Association, the Brass Workers' Union, a carpenters' local, and Labor's Political League. The G. A. R. sought a place for a comrade as did the Ohio Division of the Sons of Veterans. Numerous business men and public officials wrote well of their humble party friends. The officials included members of Congress, of the Ohio general assembly, the local board of review, the school board, and an assistant prosecuting attorney, the county recorder, the deputy county recorder, the clerk of the police court, and a successful judicial candidate. This variety of officials lends emphasis to the essential unity of the party spoils system from the smallest political unit through the city, county, state, and national governments. Several recommendations from Congressmen to janitorships and other minor jobs makes this unity especially emphatic.

JOBS FOR VOTES

The positions sought are all, of course, within the power of the county commissioners to bestow: jail physician, jail nurse, superintendent of roads, purchasing agent, inspector (one merely specified in "your department"), custodian of the court house, chief engineer of the court house, "foreman of janitors," telephone operator, steam roller engineer, bridge worker, painter, carpenter, "foreman of carpenters," assistant clerk in the road department, commissioner's clerk, night watchman, day man, and janitor or janitress. One journeyman carpenter presented a petition with thirteen names on it, and another with twenty-two names. Applicants for the position of ordinary janitor in a number of instances presented petitions, one with six names, three with nine names each, one with twelve, and another with eighteen names. An applicant for jail nurse had twenty-two endorsements, but the prize petition was that for the position of chief engineer of the court house with two hundred forty-four signatures. On behalf of one aspirant to an assistant clerkship in the road department letters were received by one or more commissioners from the endorsing committee of his Republican ward club, the president of the League of Republican Clubs (who wrote to each of two commissioners), the secretary of the Commercial Protective Association, an assistant prosecuting attorney, a member of the board of review, and a member of Congress. A number of letters merely sought jobs of any kind. One commendatory letter said, "Try and give him one of the numerous jobs that are around the court house—any old thing to make a living."

"DEAR SIR" OR "DEAR BILL"

Many of the individual letters denote a marked deference toward public office, and others, conversely, may begin with the political familiarity of "Dear Harry" or "Dear Friend Bill." As might be expected from seekers of janitorial jobs, many of the letters are blunt and reveal that the writers were practically illiterate. Letters from members of Congress were at least in passibly good form showing polite consideration for the addressees. One, for instance, indicated that the Congressman was "really anxious that something should be done for Mr. —— of the —— Ward," that since the writer had not made a "real" request for some time he hoped "you can give it favorable consideration, though I do not desire under any circumstances to embarrass you." One member of the board of review sent a well worded typewritten letter on the board's stationery, but perhaps the stenographer worded it for him since the same gentleman, when he penned a note of additional endorsement to the recommendation of a Congressman exhibited only incipient literacy.

The "spoils" tone of American political mores can best be shown perhaps by a few brief quotations. An applicant for janitorship spoke for himself:

> Having been an ardent supporter

> of the Republican party. I lay no higher claim than being one of the file and rank having been in campains of no welfare to myself, but nevertheless the actions above all facts stand undisputed, as being one of the loyal supporters of the Grand old party.

A petition recommendation for a janitorship merely stated:

> Mr. —— has been a Republican for many years in a territory where there are not many of them.

A WORKER NEEDS HIS REWARD

One applicant aspiring to be foreman of janitors confused his qualifications with his need:

> I desire further to call your attention to the fact that I have been an active worker in the Republican ranks for a period extending over twenty years, in season and out of season, and I am now in a position where my past work can be rewarded, as I am very much in need of a position.

A business man wrote regarding the position of jail physician:

> Dr. —— is a real live hustler and a good friend of mine. He is very popular with all the boys. . . . I think this section of the city (——— and ——— wards) ought to be given some recognition.

A briefer letter for the same doctor ended:

> His political "complection" I can vouch for as O. K.

Most of the ward and other political clubs had an endorsing committee and a member of the committee or the club secretary would write the authorized letters of recommendation. One group of five letters on the stationery of The —— Ward Roosevelt Club in support of the candidacy of the secretary of the club for the custodianship of the court house discloses the secretary's determination. The endorsement committee, a committeeman writing, said of him:

> He has been an active worker in your behalf . . . has been a stanch worker of the Republican Party in general . . . stands near to the hearts of the Club and Precinct members to which he belongs his strength is non-questionable and his workings is unequaled from a political standpoint.

The other four letters are in the secretary's own hand. Two of them are his own personal letters to two of the commissioners signed with his own name. The other two, one of them to one of the commissioners who received his personal letter and the other to the third commissioner, are similar in wording, containing many identical phrases and mistakes, and were signed merely "Yours —— Ward Roosevelt Club." One of the first two letters reads:

> for my appointment as Custodian of Cort House whitch I understand a man must have a Enginears Licens to hold that job I wish to say that the Licens is the only thing that would stick me I did not know a forman over the janitors had to have a Enginears Licens otherwise I think I could of filled the job I wish to say Mr. —— If you will give me your support for some other job I assure you It will never be forgotten I dont think I nead to tell you what I have done for the Rep. Party. . . .

By-Products of Police Radio

Will use of the radio by police departments lead to a much desired consolidation of public safety departments?

CHARLES R. ERDMAN, JR. *Princeton Local Government Survey*

ONE of the outstanding developments of modern mechanical aids to crime prevention has been the adaptation of the radio to police work. During the past six years we have witnessed the spread of the police radio from the single municipal installation in Detroit to over three hundred municipal and state services throughout the country.

This development has become of such importance that Captain D. S. Leonard of the Michigan state police felt justified in remarking to the International Association of Chiefs of Police that, "Radio has revolutionized police work." There is a general impression that police radio is of importance only as an aid in suppressing violent crimes such as bank robberies and other sensational occurrences, and, accordingly, the public is asking whether the police radio in small communities would be worth the money it costs. Statistics compiled by *The Municipal Index* from the replies of fifty-six cities in twenty-five states from Maine to California point to the fact that police radio does decrease crime in the larger communities and that the phenomenal spread of this police utility is everywhere being justified by results.

But in addition to its value as a crime deterrent there are other by-products of the police radio which make it imperative that municipal officials consider its installation in the smaller as well as the larger communities. The use of the radio as an aid in decreasing fire losses, in saving lives and in cutting telephone bills is not generally known but these are very practical matters which no municipal administrator can afford to overlook.

Fire prevention as a by-product results from the fact that police cars which have radio can be equipped with portable fire extinguishers. Fire alarms are immediately broadcast to the patrol cars and in many cases one of these which happens to be cruising in the immediate vicinity of the fire will arrive at the scene almost as soon as the person phoning the alarm has put down the receiver. It is an axiom in fire fighting that the first five minutes are worth the next five hours and records demonstrate that the prompt arrival of the police radio car has often made it unnecessary for the regular fire apparatus to proceed to the fire. In fact, several cities have recognized this fact by equipping their fire engines with radios so that they may be recalled before they reach the fire and thus be returned to service with a minimum of lost time.

In communities of less than 15,000 where a semi-paid or volunteer department provides fire protection, this feature of the radio is of great importance as a time- and money-saving device. One practice in communities of this type is to have the police car answer all "silent" (i. e. phone call) alarms and report immediately whether the police car can handle the fire or whether the general alarm is to be turned in.

In reporting on this use of the police radio, M. P. Duffy, director of public safety of Newark, New Jersey, said, "Radio must take credit for the prevention of many fires. A recent alarm illustrates the point: A fire started within a garage, endangering a car and the neighborhood. The owner raced to the nearest box, sent in an alarm, and returned to find the fire bested by the radio police."

Life-saving is another by-product which has resulted from police radio installations. Captain Coughlin of the Elizabeth, New Jersey, police department reported that "quick applications of resuscitation methods foiled several suicides and prevented a number of accidental deaths" in the first few months' use of the new equipment. Speed is essential in saving human life and the police radio has quickened all emergency services. Oklahoma City has even gone to the extent of equipping the city dog-catchers' cars with radios in its desire to increase the efficiency of its department of public safety!

SAVINGS IN PHONE BILLS

One of the barriers that is raised by the taxpayer when police radio installations are proposed is that of cost. While admitting the possible utility of this equipment there is often the latent feeling that such "frills" will have to wait for better times. It is, accordingly, interesting to know that economies are made possible by this new device which in some cases can cover the initial capital cost within a few years. The borough of Princeton (N. J.) will save enough in its telephone bill alone to pay for its new equipment in five years. This is made possible by the "two-way" radio allowing for conversation from the cars to headquarters as well as the usual reception by the patrol car. With this communication a number of the usual telephone call boxes can be eliminated at a substantial saving. Other savings have been effected in many cities by decreasing the number of patrolmen without affecting the efficiency of the patrol. And in those cities which have not decreased personnel the efficiency of patrol has been greatly increased as evidenced by the statistics reported in *The Municipal Index.*

The development of inter-city communication to save phone bills is becoming a reality despite the difficult technical problem caused by the variations in wave assignments. The future holds promise of a vast development along this line which will save hundreds of thousands of dollars in phone bills alone.

There are one or two by-products of the police radio which are not assets and which are giving the technicians new problems calling for solution. The practice of ambulance-chasing lawyers, who sit and wait in their own radio-equipped cars and upon hearing a police call rush to the scene of an accident to obtain business, is an example of one of these. Similar is the practice of newspaper reporters who hasten to the scene of a crime and give out news even before the police have had an opportunity to decide upon the proper procedure. While the federal radio act makes illegal the unauthorized reception of police messages the mechanics of enforcement are obviously of tremendous difficulty. This is a matter which is receiving a great deal of study by the radio committee of the International Association of Chiefs of Police but to date no specific recommendations have been made.

The discussion up to this point has been confined to the tangible by-products but there remains an intangible one which may eventually prove to be incomparably more valuable—the rôle of the police radio in effecting consolidations of police forces. Captain Leonard of the Michigan state police, one of the leading students of police radio, has observed that radio installations bring "about a coöperative spirit between departments" which have intercommunication by radio. The question, however, is whether this coöperation will lead to consolidation.

CONSOLIDATION OF POLICE DEPARTMENTS

In discussing the police systems of the country Bruce Smith has said, "The immediate major problem in police is not coördination but consolidation" [of police forces on a state-wide basis]. Probably a majority of the students of police work would agree with this statement. Take the police organization in the state of New Jersey as an example of excessive decentralization of this vital governmental service. There are over 350 separate and independent police departments in the state, of which 127 are in the five counties covering a scant seven hundred square miles of northeastern New Jersey. This goes far to explain the fact that costs of New Jersey police protection are not only the highest in the United States for cities of the corresponding size groups, but in some cases they are nearly twice as high. Accordingly, if police radio will aid in bringing about the consolidation of this governmental function it will be of tremendous service to the taxpayers as well as of benefit in increasing the efficiency of crime prevention and detection.

Should the prophecy of Captain Leonard, that radio is revolutionizing police work, prove true, geographical municipal lines will become even more of an anachronism than at present. Consolidation of the police radio systems within a metropolitan area, for instance, will become imperative with the wide-spread adoption of this device, and as the operation of a police department becomes more and more dependent upon, and centered around, the radio, the absolute necessity for the consolidation of the forces will become apparent. At present the ultra high-frequency development seems best adapted to police work but ultra high-frequency assignments are not without limit in a crowded metropolitan area. For instance, there is no known manner of satisfactorily providing individual radio police facilities to each of some 140 potential applicants in the metropolitan area of New Jersey comprising the five counties in the northeastern section of the state.

With this problem in mind, Newark, when embarking on its new police radio venture, provided itself with a plant capable of taking care of the requirements of those municipalities which border on the city. Any town within the service area of this station may have police radio service by equipping its cars, installing a telephone line which connects its police headquarters with the transmitter in Newark, and paying its prorated share of the operating cost of the transmitter. Obviously the more subscribers the less the cost and the more effective will be the coverage of the police within the Newark metropolitan area as a whole.[1]

As this service spreads those interested in the consolidation of governmental functions, if not of units, will wait with interest to see if the known psychological value of the police radio as a coördinating agency will be equally effective as a consolidating agency. Should this be the result, the proven by-products of the police radio, namely, increased efficiency and economy in the departments of public safety, will be of minor importance compared with this new and powerful apostle of consolidation.

---

[1] Most central cities provide this service without prorating cost, however.—Editor.

NATIONAL MUNICIPAL REVIEW

SEPTEMBER ✦ 1936

European Local Government Numb

EDITED BY

International Union of Local Authorities and
International Institute of Administrative Sciences

France

HENRI SELLIER
Minister of Public Health
WALTER R. SHARP

Germany

FRITZ MORSTEIN MARX
ROGER H. WELLS
GOTTHILF BRONISCH

England

HERMAN FINER

Italy

H. ARTHUR STEINER

Other Authors in this Issue

LOUIS BROWNLOW
EMILE VINCK
ROY V. PEEL
EDMOND LESOIR
JULES LESPES
ROWLAND EGGER

NEW YORK'S PROPOSED CHARTER — L. A. TANZER

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.
VOLUME XXV, NO. 9 TOTAL NUMBER

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

SPECIAL EDITOR FOR THIS ISSUE
ROWLAND EGGER

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND A. EGGER
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis *First Vice President*
C. A. Dykstra, Cincinnati *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
L. Arnold Frye, New York
Robert M. Goodrich, Providence. R. I.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
David Hinshaw, Westtown, Pa.
Robert W. Johnson, Princeton, N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 9
TOTAL NO. 243

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR SEPTEMBER

THE INTERNATIONAL IDEA, *Editorial* .... *Rowland Egger* 478

PLANNING AND COÖPERATION AMONG INTERNATIONAL ORGANIZATIONS .... *Louis Brownlow* 480

THE INTERNATIONAL UNION OF LOCAL AUTHORITIES...... *Emile Vinck* 483

THE INTERNATIONAL INSTITUTE OF ADMINISTRATIVE SCIENCES .... *Edmond Lesoir* 487

MAINLY ABOUT WORDS .... *Jules Lespes* 490

RECENT DEVELOPMENTS IN ENGLISH LOCAL GOVERNMENT .... *Herman Finer* 495

THE OUTLOOK FOR LOCAL GOVERNMENT IN FRANCE..... *Henri Sellier* 501

THE CHANGING STATE-LOCAL FINANCIAL PICTURE IN FRANCE .... *Walter R. Sharp* 504

THE NEW LOCAL GOVERNMENT OF GERMANY *Fritz Morstein Marx, Roger H. Wells, Gotthilf Bronisch* 511

THE ITALIAN LAW ON COMMUNAL AND PROVINCIAL GOVERNMENT .... *H. Arthur Steiner* 520

LOCAL GOVERNMENT IN SCANDINAVIA .... *Roy V. Peel* 528

THE PROPOSED NEW YORK CITY CHARTER.... *Laurence Arnold Tanzer* 535

RECENT NEWS REVIEWED

NOTES AND EVENTS .... *H. M. Olmsted* 539
COUNTY AND TOWNSHIP GOVERNMENT........... *Paul W. Wager* 543
TAXATION AND FINANCE .... *Wade S. Smith* 544
PROPORTIONAL REPRESENTATION .... *George H. Hallett, Jr.* 547
GOVERNMENTAL RESEARCH ASSOCIATION NOTES.... *Robert M. Paige* 548

RECENT BOOKS REVIEWED .... *Geneva Seybold* 553

The contents of the NATIONAL MUNICIPAL REVIEW are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, SEPTEMBER 1936

Editorial Comment
✣
September

NATIONAL MUNICIPAL REVIEW

Vol. XXV, No. 9 Total No. 243

In Re This Issue

Practically everything we have in America has been imported from abroad, with a few notable exceptions such as tobacca, maize, and Tammany Hall. Even our own city manager form of government received some inspiration from German and British experience. It is, then, hardly necessary to urge the importance of American study of European institutions in the field of local government.

Perhaps the most lasting impression the casual reader of this issue of the National Municipal Review will carry away with him is the striking similarity between the problems of local government in the United States and in the other nations discussed. Whether we talk of finance, unemployment relief, public works, health, personnel, technique of administration, or what, we find, discounting only the differences of language and nomenclature, that in each country students of government and officials are pondering the same problems and in many instances independently discussing and applying the same solutions.

In the advancement of every science and every art, much has been gained by interchange of information between those working on similar problems in different countries. The International Union of Local Authorities and the International Institute of Administrative Sciences, in coöperation with which this issue has been produced, represent a constructive endeavor to provide exchange of information concerning similar problems at the municipal governmental level.

The National Municipal League welcomes this opportunity, as it has many past opportunities, of coöperation with groups abroad to the end that progress in the field of public administration may be more rapid. Special acknowledgement for this issue of the Review is due Dr. Rowland Egger, director of the Bureau of Public Administration at the University of Virginia, who, while secretary of the Joint Committee on Planning and Coöperation of the International Institute of Administrative Sciences and the International Union of Local Authorities, with offices in Brussels, carried the brunt of the work of editing.

The International Idea

At no time in the last eighteen years has the outlook for international political coöperation been less propitious. At no time in the last thirty years has international administrative and scientific coöperation been more active or more sincere. And at no previous time in her entire history has the United States been more closely *en rapport* with this administrative and scientific coöperation. For this reason, the decision of the Editor of the Review to publish, at the present time, an issue on current developments in European local government was a particularly happy one.

The extent of American participation in "international organizations in the field of public administration" is much greater than the average administrator or citizen realizes. There is hardly a single important organization of the over two hundred international associations working in the field of public administration in which American ideology, American moral support, and American financial assistance is not virtually predominant. And it is not entirely to our credit that on the whole we have given of our money more freely than of our moral and intellectual support.

It is not accident or mere philanthropy that, with the exception of certain organizations at Geneva and The Hague, the United States is playing a rôle of the greatest importance in international coöperation. Throughout America there are men and women who see clearly that in spite of the great political, social, and economic differences between Europe and America, there are more common problems than problems that are not common to the two continents. This is particularly true in the field of local government. And it cannot be denied that, in this regard, European cities have, by virtue of the sooner maturity of urbanism on this continent, been forced to meet many problems which are only beginning to be recognized at the present time in America. It may be that the solutions attempted in many European countries are not in accord with the spirit of our institutions, but thorough knowledge of the problems, of the attempted solutions, and of the results cannot but illuminate our own problems and guide us to a sound decision. From the standpoint of doing the best possible job for our own people, therefore, we are under an unmistakable obligation to participate actively and sincerely in the international movement for the better clearing of experiences and of the results of public administration research.

There is another reason. The fact that the international organizations are, in the face of truly enormous difficulties, still doing business as usual is in no small measure due to the dogged persistence of a few hundred people who compose their secretariats. These men and women are very liberally endowed with that infinite capacity for quiet desperation which is an indispensable part of the equipment of the professional internationalist in these troubled times. And the strategic character of their positions in the present crisis in international coöperation is of the greatest potentiality. It is not unthinkable that these associations, composed for the most part of the permanent officials of the public services whose influence on governmental policy is everywhere in the ascendency, may have more to say that is ultimately important for the keeping of the peace than the political post mortem experts who, by definition, never come into action until all hope is lost.

Rowland Egger

Brussels, Belgium

FORTY-SECOND
Annual Conference on Government
HOTEL COMMODORE PERRY, TOLEDO, OHIO
NOVEMBER 16 AND 17
General Subject:
Education of Citizenship in a Democracy
For further information apply to the
NATIONAL MUNICIPAL LEAGUE

Planning and Cooperation Among International Organizations

A sound foundation has been laid for effective cooperation between international agencies interested in the better administration of local governments

LOUIS BROWNLOW *Chairman, Joint Committee on Planning and Coöperation*

On July 23-27, 1934, at the instance of the Public Administration Clearing House, a conference of thirty-seven persons, representing seventeen countries, met in Paris for the purpose of discussing ways and means for promoting greater effectiveness in the international clearance of information and of the results of research in public administration. Specifically, the conference set itself to the task of breaking ground in answering four major questions:

1. To what extent is international exchange of information and of the results of research in the field of public administration desirable, and to what extent is it practicable?
2. What are the existing facilities for effecting such exchange, in the light of what is desirable and practicable?
3. How may American organizations best coöperate with existing international organizations for clearance in their respective spheres of interest, for contributing more effectively to the common pools of information, and for drawing upon these pools more effectively to meet American needs?
4. What are the possibilities of coordinating research in public administration in the various countries on major subjects of common interest, in order that such research may yield data that are more nearly comparable and results that are of wider usefulness?

For five days this conference, comprising in its membership many of the leading organization executives, public administrators, and researchers in public administration in America and Europe, hewed its way to the root problems of international clearance. During its sessions Chancellor Dollfuss of Austria was assassinated and the whole of Europe plunged into a grave international political crisis, but the conference continued calmly and equably to discuss methods of working toward more scientific administration, thus dramatically indicating the essential unity of the science and art of administration despite the widest and deepest differences in politics.

At the termination of its work, the conference found itself in agreement on three major propositions:

1. That it is possible, practicable, and desirable to continue and to expand the existing facilities for the international clearance of information concerning experience and the results of research in public administration with relation to administrative processes, despite the marked and increasing differences among national political systems;

2. That the rapidly changing relationships between central and local governments require at both levels of government such a great number of administrative adjustments that it now becomes highly desirable to effectuate closer coöperation and a greater degree of coördination of the efforts of central government and local

> government administrators through their national and international organizations;
>
> 3. That it should be practicable to project research in different countries on topics of widespread interest in accordance with a general plan laid down in advance, and thus to increase the comparativeness of the results and greatly to enhance their value.

The conference was organized with the purpose of permitting free discussion, but its agenda did not require or suggest definite action. Notwithstanding this fact, toward the end of the conference the representatives of the International Institute of Administrative Sciences, an organization working mainly in the field of central government administration, and the International Union of Local Authorities, working in the field of local government administration, formally proposed that these two international agencies set up a Joint Committee which would, to the extent of its ability, further explore the problems which had been discussed at the conference and prepare a scheme of coöperation which might be submitted to the governing bodies of the two organizations on the occasion of their triennial congresses, meeting in the summer of 1936 at Warsaw and Berlin respectively. It is significant that both of these organizations have always had their headquarters in the same city, Brussels, but had not before considered the possibilities of mutual helpfulness.

Their proposal was accepted, and the following delegates of the organizations held an initial session in Brussels in September, 1934: for the International Institute of Administrative Sciences, Albert Devèze, Edmond Lesoir, Gascon y Marin, René Didisheim, Daniel Warnotte, Sir Henry Bunbury, Oscar Leimgruber, and Zoltan Magyary; for the International Union of Local Authorities, F. M. Wibaut, Emile Vinck, Léon Wouters, Henri Sellier, G. Montagu Harris, and Kurt Jeserich. The writer, as a member both of the American section of the Institute and of the American committee for the Union, was appointed by the presidents of both organizations to the Joint Committee, and was asked to serve as chairman of the Committee.

It was subsequently decided that a liaison secretary of the Committee should be secured, in order that explorations could be completed in time for the submission of definite proposals to the governing bodies of the two organizations in the summer of 1936. In May 1935 Rowland Egger, an American, was sent to Brussels as liaison secretary.

PLAN OF ORGANIZATION

After over a year's intensive investigation and exploration along the lines laid down at the Paris conference, and in constant collaboration with the members of the Joint Committee, the executive sub-committee submitted a plan for the establishment of common services between the Union and the Institute, which involved a very considerable extension of coöperation and planning of activities in collaboration with the important technical and specialist organizations, to a session of the Joint Committee meeting in Berlin on June 5 and 6, last. This plan was, after strengthening in certain essential particulars, adopted by the Joint Committee and subsequently by the governing body of the International Union of Local Authorities and by the general assembly of the International Institute of Administrative Sciences. The leaders of the two organizations have announced that the common secretariat will be in full operation in October.

The plan provides for the establishment of a common secretariat for the two organizations with four divisions: research, information and communications, publications and publicity, and conferences and personal relations. The common secretariat is to be under the active direction of the secretary general of the Union, the secretary general of the Institute, and the director of the Public Administration Clearing House. Its budget is to be formed by the amalgamation of the different sections of the budgets of the two organizations, which are being reorganized from the standpoint of form and method along identical lines. The personnel of the common secretariat will consist of the personnel of the two organizations, assigned to the several sections according to the common work program on which the budgets are based. In addition, it is proposed that a closer liaison with the national adherent organizations be maintained by having the stronger national organizations send collaborators, at their own expense, to the Brussels offices. It should be mentioned that in order to make the collaboration effective, the organizations are, of course, planning to move into common quarters within a short time after the final steps in the adoption of the plan.

DEPARTMENTS PROVIDED

The division of research, details of the setting up of which are the subject of a special exploration now under way on public administration research agencies in the United States, England, France, and Germany, will have functions of three sorts:

1. It will administer the bibliographical services of the two organizations;
2. It will execute such research projects as may be feasibly handled at Brussels;
3. It will develop coöperative relations with research organizations, universities and scholars in the several countries for the purpose of planning and functioning in a liaison capacity in securing comparative international research on important practical administrative problems.

The division of information and communications will be responsible for the handling of day-to-day inquiries and requests for information, it will administer the secretarial services for all the divisions, it will administer the central files of the secretariat, and, most important, it will be charged with developing and maintaining contacts with the various specialist and technical organizations whose coöperation is considered useful in improving the quality of information provided by the common secretariat. In addition, it will seek to plan and promote more effective interorganizational clearing and coöperation in matters of information and communication.

The division of publications will be charged with the direct administration of the separate and joint publications issued by the organizations. It will also be responsible for the promotion of coordinate publicational programs among the important general, technical, and specialist journals in the field of public administration. It will likewise be charged with the administration of a weekly press service in behalf of the Union and Institute, as well as of other organizations in the field of public administration desiring to coöperate.

The division of conference and personal relations will be charged with the tasks of assisting in the planning of the international congresses and conferences of the two organizations and in their administration, with the administration of small round tables, with the promotion of personal contacts, correspondence, international travel, and international exchange of public officials, professors, organization executives, students of public administration, etc.

During the past year the secretary of the Committee has prepared a directory of international organizations in the field of public administration. This directory lists and gives important details concerning over two hundred international organizations whose activities are

(Continued on Page 534)

The International Union of Local Authorities

Thirty national organizations of municipal officials have joined international group

EMILE VINCK *Secretary General, International Union of Local Authorities*

THE International Union of Local Authorities is the creation of the international congress of towns convened in Ghent, Belgium, in 1913. This congress met at the instance of the Belgian Union of Communes and under the auspices of the Belgian national government. Twenty-one governments, 162 local authorities in twenty-eight countries, and fifty technical and specialist associations were represented at this meeting. At the end of the congress the proposal was made that the relations established should be preserved by the creation of a permanent secretariat, which should serve as a kind of clearing center on problems of local administration. The proposal was adopted and steps taken to effect permanent organization.

In 1914 the war interrupted the development of the new organism and ten years elapsed before conditions appeared sufficiently promising for its resurrection. However, in 1924 the second international congress of towns met in Amsterdam. Twenty-one nations were represented at this congress including, it should be noted, local officials and councillors from both central and allied governments. At this congress the organization work initiated by the Ghent congress was completed and the constitution and by-laws of the International Union of Local Authorities definitely adopted.

In 1925 a third congress was held in Paris, at which 366 local authorities in 39 countries were represented by 772 delegates. Four important problems were treated at this conference. First, a thorough inventory of the organization and activities of the national unions of local authorities, of which the International Union is a federation, was made, and methods of rendering effective service at both national and international levels were discussed; second, a survey was made, on a comparative basis, of municipal organization and central-local relations in the several countries; third, the problem of public land ownership policy, a matter of great current interest for American planning, was made the subject of comprehensive reports and discussion; finally, this congress considered the problem of the great metropolitan areas, their legal basis, governmental structure, and special relation to the state. Three volumes of about eight hundred pages were published by the International Union in recording the work of this congress.

The years since 1925 mark the period of significant expansion. Between the Paris congress of 1925 and the Seville-Barcelona congress of 1929, thirty-two national unions had entered the federation, including the five newly constituted unions of local authorities in Germany. The fourth congress was composed of 622 delegates, representing 338 local authorities in forty-two countries. This congress made a searching investigation of the financial organization of local government in the several countries, and the general reports brought out the necessity of flexibility in local government resources and procedures under modern conditions. The congress considered also the public utility enterprises of local authorities, and the reports on this subject are particularly wealthy from the standpoint of statistical material. The third topic considered by the congress was the theory and practice of land condemnation for public purposes in the several countries.

THE LONDON MEETING

The fifth congress met in London in 1932. Twenty-eight governments, twenty-seven national unions of local authorities, 252 municipalities in forty-four countries, and about fifty organizations of municipal interest, sent a total of 924 delegates to this meeting. The London congress studied in detail the practical administration of local government in thirty-one countries, under the headings: elective bodies, executive bodies, relations between elective and executive bodies, the head of the authority, public officials, the referendum, financial procedure, state-local organization, supervising authorities, and relations between local authorities. A second important topic considered at the congress was that of recruitment and training of local government officers. Reports and discussion covered such matters as classification systems, pre- and post-entry training, examination procedures, probation, elasticity of service opportunities, and organization of training in schools and universities.

Before considering the recently concluded sixth international congress held at Berlin and Munich, three conferences which the Union has convened should be mentioned briefly. In 1927 a special conference was held at Berne for the discussion of international standardization of road traffic signals and symbols. The report and recommendations of this conference were subsequently adopted by other international bodies dealing with road traffic problems and eventually by the League of Nations. In 1930 a conference on inter-municipal insurance against all risks, and upon public utility undertakings of mixed public and private financing was held at Antwerp and Liege. At Lyons, in 1934, a conference was held for further exploration and discussion of the local civil service discussions begun at London, particularly as regards the teaching of local government. Many prominent university professors coöperated in this conference, and a considerable stimulus to the teaching of municipal science is believed to have resulted. At this conference the question of refuse collection and disposal was also discussed from a technical point of view, and it has become clearly evident that the exchange of experience on this subject has been of much value to European cities.

The sixth international congress was decided, on the invitation of the Deutscher Städtetag at London in 1932, to be held in Germany. Two questions were put on the agenda. First, what part have the local authorities played in combating unemployment; second, what are local authorities doing in the way of cultural activities. It is unnecessary to emphasize the relation between these two questions. In 1932 the economic crisis had already reached alarming proportions, as a result of which many millions of people were unemployed. One of the important problems created by this unemployment was the use of the leisure of the unemployed, and consequently the cultural policies and activities of the local authorities became matters of great practical importance.

Comprehensive national reports from thirty of the major countries of Europe and America were received on these two questions. An experiment, involving the preparation of two entirely different types of general report on each question, produced extremely interesting results. Dr. Strölin, Lord Mayor of Stuttgart, and Dr. Fiehler, Lord Mayor of Munich, prepared detailed analytical studies of the national reports on the first and second questions, respectively. Professor John Hilton, of Cambridge University, and Dr. van Poelje, Director General of the Ministry of Education of The Netherlands, prepared synthetic general reports, which drew out the important administrative principles revealed in the reports on national practices in the field of unemployment relief and cultural activities, respectively. In this way, the discussion was kept to fundamentals, but on a practical and factual, rather than merely theoretical, basis. The general reports themselves occupy a formidable tome of some five hundred pages, and will be completed by the national reports and discussions. The congress did not, of course, settle the problems of the local authorities' tasks in the two activities discussed, but the practical administrator and the social scientist will both find a great deal that is of permanent constructive validity in the work of this congress.

FUTURE PLANS

Next year the International Union of Local Authorities and the International Institute of Administrative Sciences, which is an international association for the study of problems of central government administration, are invited to hold a joint conference in Paris during the exposition. This conference will probably take place during the first part of July. It is tentatively planned to consider the possibilities and methods of extending the principle of inter-organizational coöperation, which has been already carried to a fairly high point by the Institute and the Union and which is planned to be much further developed during the next few months, to the specialist and technical organizations in the field of public administration.

We have, in the preceding pages, given a short sketch of the work done by the Union through its congresses and conferences. This work is extremely important, and the results which have been produced by the exchanges which it has permitted are of proved practical importance. But the congresses and conferences are not the most important part of the work of the Union. The congresses and conferences meet for a week or so on an average of every two years. At Brussels, however, the permanent secretariat works six days a week and fifty weeks a year. The functioning of the central office involves the collection and classification, day by day, of information on all matters of possible interest to administrators and scholars in the field of local government. This collected information, which has been systematically built up over a considerable number of years, forms the first source of reference when inquiries are made into particular problems. This work involves not only the analysis of books and periodicals, but correspondence with administrators and specialists, conferences, and all of the myriads of other methods by which information is gathered. The investigations in which this material is used may proceed either from requests for information or from the initiative of the permanent secretariat itself in attempting to keep in step with current problems and developments in local administration.

The results of the investigations of the central office are, if of sufficiently general interest, and if within the financial resources of the Union, published in the two journals of the Union—the French edition, *L'Administration Locale,* edited by Mr. Léon Wouters, and the English edition, *Local Government Administration,* edited by the president of the Union, Mr. G. Montagu Harris. Particular attention should be directed to the French edition. Each article in this review is printed as a separate document, and given a decimal classification and number. It may, upon its receipt by the municipality, be divided up, with appropriate documents going to the particular department or officer most directly concerned. The decimal number permits it to be filed either in the central municipal files or in the departmental files in its appropriate place from the standpoint of subject matter, and kept constantly available for ready reference by the person most likely to need recourse to it. The two journals are published quarterly. The last (May 1936) number of *L'Administration Locale* contained twelve documents treating of such varied topics as the public baths of Bordeaux and Budapest, private coöperation in public hospital services for orphan asylums, slum clearance, techniques in planning small houses, school medical services, etc. It also contained installment number fourteen of a very extended investigation which the staff of the Union has made into equipment for the collection and disposal of refuse, which resulted from the interest exhibited in the general topic at the Lyons conference of 1934.

JOINT ACTION

It is not necessary to speak here of the collaboration between the Union and the Institute, since Mr. Brownlow's article on the Joint Committee reveals how this coöperation originated and has developed. However, two phases of the joint action of the two organizations, not pertaining to the Joint Committee itself although resulting from its work, should be mentioned. The first is the series of round table conferences sponsored by the two organizations. The first series is treating of problems of training public employees. The problem of post-entry training was discussed at Zürich in April of this year, at a conference attended by over thirty of the leading administrators, professors, and heads of organizations of governmental employees in Europe. The proceedings of this conference have been published as a joint report of the Union and the Institute. The problem of training and supervision during the intermediate period—probation, apprenticeship, interneship, or, in French, "stage"—was discussed at Berlin. The problem of pre-entry training—of the work of the schools and universities—was discussed in Warsaw in July. The proceedings of the two latter conferences, which will complete the series on employee training, will be published during the summer. One other project for joint action has already been decided upon. The Institute and Union propose to establish a bibliographical service, in many respects similar to that issued by the Joint Reference Library of the Chicago group of organizations. However, in view of the initial difficulties of establishing international contact, it is planned to give a very brief digest of the essential type and content of the material contained in the bibliographical lists. For several years the Union published such a bibliographical service, the *Tablettes,* but these were discontinued for financial reasons during the depression. The revived service will cover the entire field of public administration, central and local, and will, at least at first, probably be issued monthly.

The Union has come a long way since its revival in 1924. It survived the difficulties of post-war adjustment and has come through the depression in comparatively good shape. Much remains to be done, which will demand the coöperation of municipal men of good will

(Continued on Page 500)

The International Institute of Administrative Sciences

An organization devoting its efforts to the development and promotion of the art and science of public administration throughout the world

EDMOND LESOIR

Secretary General, International Institute of Administrative Sciences

The International Institute of Administrative Sciences may be regarded as the outgrowth of an international congress held in Brussels in 1910, at the instance of several leading Belgian students and thinkers in the field of public administration. Notable among these were Baron Tibbaut, Mr. Cooreman, and Mr. Paul De Vuyst. With the objective of providing adequately for the organization of subsequent meetings, of maintaining the contacts established at the initial meeting, and of establishing machinery for the pursuance of the investigations of the congresses, a permanent commission was created.

The war interrupted the work of the permanent commission before plans for a subsequent congress could be concluded, and activities were suspended until 1923. In that year a congress met again in Brussels, which sought to take up the work dropped in 1914. This congress was concerned with the investigation of relations between local and central government in the several countries. It was also decided on this occasion to establish, at the earliest practicable date, an international review treating of administration from a scientific point of view.

Four years later the international congress met in Paris. The 1927 meeting was divided into five sections, as follows: local government; administrative units between central and local government; central government administration, including the methods of organization of government departments, decentralization of central government services, administrative justice, and the influence of the corporative movement; the administration of international agencies; training for the public service; and the improvement of administrative techniques.

The next congress met at Madrid in 1930. It was divided into the five sections mentioned above, and a section on administrative bibliography. Eighteen national governments accredited official delegations to the Madrid congress, in ten of which national sections of the Institute were already in operation. At this congress it was decided, on the motion of Dr. Oscar Leimgruber, the vice-chancellor of the Swiss Confederation, to establish the International Institute of Administrative Sciences as a permanent body corporate, with its seat in Brussels. The Bureau of the Institute met in Brussels in October of 1931, under the presidency of Mr. Albert Devéze, Belgian Minister of State, and adopted the statutes of the new organism.

The tasks of the Institute, as defined in the statutes, are: (1) The promotion of the comparative investigation of experience in the several countries in the field of public administration; (2) the development of general principles from these comparative investigations and their recommendation to the several governments; (3) the investigation of such other problems of administrative practice and administrative law as may be of assistance in the development of better public administration.

At the time of the establishment of the Institute, the Belgian government made a large appropriation to its central secretariat and, in addition, provided quarters for the Institute in Brussels.

The Vienna congress of 1933 counted official delegations from twenty-five governments, and twenty-seven national reports were received on the questions which it discussed. This conference was divided into three sections: administrative justice, status of civil servants, reorganization of public administrative agencies in the light of practical conditions.

THIS YEAR'S CONGRESS

By the time this issue of the REVIEW is published, the Warsaw congress will have been held. This congress will discuss the protection of the rights of the citizen in the exercise of administrative justice, rationalization in the public services and the control of the head of the government over the administration. Over thirty national reports have been prepared, and there is every promise of an entirely successful congress.

The Institute has also coöperated with the International Union of Local Authorities in the convening of round-table conferences. The first series of these small round-tables is dealing with the training of public employees. The reader is referred to the article of Senator Vinck for a further treatment of this phase of the activities of the Union and the Institute.

The congresses and conferences of the Institute have, in the past, constituted, with the publication of the *Revue Internationale des Sciences Administratives,* the most important activities of the Institute. The *Revue* was founded in 1928, and has been issued quarterly since that date. Its usual length is about 180 pages. As a general rule the *Revue* contains three leading articles on various topics of important current interest in public administration, a comprehensive analytical section edited by Mr. Daniel Warnotte on the literature of public administration, a news section on the activities of the central office and of the national sections, and frequent series of specialized bibliographical lists on important questions. The June 1936 issue of the *Revue* contained, for example, a study of administrative statistics in the Irish Free State, administrative justice in Switzerland, and a summary of an important report made by the Polish Commission on the Reform of Public Administration on the internal organization of central government departments in Poland. The *Revue* prints its original articles in the language of their origin, if in French, English, German or Spanish—otherwise in French. All of the bibliographical and other sections of the journal are in French. In addition, the Institute has published, through its national sections, the national reports, general reports, and discussions of many of its congresses. It has likewise published as special brochures a number of the bibliographical compilations which have appeared originally in the *Revue,* covering such topics as planned economy, the reform of the state, and clearing and import limitations in international commerce. Finally, the Institute has published as separate monographs collections of articles originally appearing in the *Revue* on the organization of administrative statistics in the several countries. Volume I of this series has already appeared, and covers the organization of administrative statistics in eleven countries. Volume II will be presented in a short time.

The Institute and Union have coöperated in publishing the proceedings of the Zürich conference on post-entry training, and will further coöperate in publishing the proceedings of the Berlin and Warsaw round-tables to which Senator Vinck makes reference, as well as of subsequent joint conferences. Mention should also be made of the plan to issue jointly with the Union a comprehensive bibliographical service which will list all of the articles, books, and pamphlets in the field of public administration as they appear, and will indicate in a very brief manner the type, content, and approach of the material listed.

Of interest to American readers is the agreement recently worked out with the British Institute of Public Administration, which provides for close editorial coöperation between the *Revue Internationale des Sciences Administratives* and *Public Administration.* It is hoped that in the future the International Institute will be able more effectively to reach the English-speaking public, particularly as regards news notes and records of important administrative happenings, through the journal of our British collaborators. Reciprocally, it is hoped that the Anglo-American point of view may be more faithfully presented as a result of this contact with the continental workers in the field of public administration.

It should be remembered that the national sections of the Institute are constantly engaged in the investigation of matters of important national concern, that they hold frequent national conferences and occasional regional international conferences, and that many of them, in their corporate capacities, are playing important rôles in governmental investigatory commissions, etc. This is particularly true in Belgium, Poland, Hungary, Roumania, Switzerland, Esthonia, and Norway. In their individual capacities, leaders of the national sections are everywhere prominent in the movement for more scientific public administration. In the United States, for example, the names of Louis Brownlow, Luther Gulick, Harold W. Dodds, Samuel C. May, Walter R. Sharp, John A. Fairlie, Guy Moffett, and Henry W. Toll signify the intellectual contribution which the leaders of the Institute are making in the various countries. In several countries the work of the national sections has led to the creation of national institutes of public administration, with large budgets and highly qualified personnel.

MEMBERSHIP OF INSTITUTE

The Institute is composed at the present time of national sections in twenty countries, and is supported in the main by the governments thereof. The United States has a national section, although its contribution is not sustained by the government. In addition, the Institute has two collective members in countries which have not yet undertaken the obligations of full membership. It is the hope of the Institute that its membership may, within the next few years, be extended to include not only the few large countries now outside but also several of the smaller countries whose experimental attitudes and high standards of administration are of much interest to all students of public affairs.

The Institute itself is entering upon adulthood as an international organization. As an infant, it was a periodical congress. As an adolescent, it was a congress and a review. As an adult it must address itself to the development and extension of its central services. All this implies more money and more man power. The change will not be accomplished overnight, and the Institute still probably has in store a goodly number of growing pains. However, proposals

(Continued on Page 494)

Mainly About Words

A definition of the terms frequently used in discussions of local government

JULES LESPES

University of Brussels

It is no easy task to extract from the welter of complicated terminology the exact content and significance of words relating to the organization and methods of local government. The enormous variation in meaning of "local" and "central" from one state to another, and from one function to another within the same state, presents an almost insuperable difficulty to scientific comparison of the larger concepts of local government. The vocabulary employed for the definition of detailed terms from which the larger concepts are built up is not always clear, and varies greatly from one decade to another.

None the less, much has been said and written about "local government," "self-government," "local autonomy," "home rule," and various other designations to some degree indicative of the relation between the state and the unit of local government, quite as though all of these terms were in all essentials equivalent.

The object of the present essay is not to settle finally the precise limits and relations of these various catch phrases, but to indicate something of their content and to point out the dangers of using such phrases as loosely as certain more or less reputable writers, politicians, and editors are using them at the present time.

The resistance of *homo sapiens* to changes in his ways of speaking and writing, at least about serious matters, is fairly well known. In consequence, it is not unusual to find fundamentally new phenomena and concepts incorporated by brute force and sheer awkwardness into familiar phrases not at all suited to the conveyance of their meanings, and whose sole recommendation is their common-placeness. Of course, even the best intentioned must, to some degree, be affected by these facts. But if one does not deceive oneself, and if one seeks to preserve, as best one may, the relations between the words and the facts, it may be possible to point out certain essentials of similarity and difference in the very broad phrases which are now giving rise to a good deal of difficulty.

1. *Local Government.* The social fact which corresponds in a general way to the juridical institution known as "local government" involves the existence, within the general framework of the "public interest," of regional and local interests, which are in certain essential respects different from the general public interest. Communities of men, occupying portions of the earth's surface of varying dimensions, but always small in relation to the total area of the state, and engaged in diverse economic activities, are not merely so many of the aggregate body politic. The conditions of their existence produce certain special interests, in addition to those of the general interests of the state. Organiza-

tion and collective authority must be provided for the satisfaction of these regional and local interests.

It is important at this point not to confuse the organizational aspects of local government with the existence of local government itself. Questions of democracy, whether direct or representative, dictatorship, totalitarianism, etc., have nothing to do with the existence of local government.

On the other hand, if we wish to speak of municipal autonomy, at least five conditions must be present: (a) There must be a recognition of local interests specifically different from those interests in behalf of which the state acts; (b) Organization must be provided for ministering to these local interests; (c) There must be an independent power of decision in the local authority; (d) The functional jurisdiction must be liberally defined. In this last sense, the systems of strictly prescribed powers granted by legislative bodies and legislative restrictions on the power of taxation prevailing in many parts of the Anglo-Saxon world do not satisfy the definition of municipal autonomy. We will return to this point later. (e) There must be a certain participation, under whatever juridical form or practice, of the citizens in local government.

Peculiarly enough, all of these conditions are met by the existing system of German local government, despite the fact that Germany has completely repudiated the philosophy of political democracy in the organization of local government.

Moreover, although this relates to matters of which we shall subsequently speak, municipal authorities are charged with the administration of certain functions of the state.

For this reason, it seems advisable, in speaking of the jurisdiction of local authority itself, to use the term "local government," rather than "local administration." "Local government," in our opinion, better expresses the idea of autonomy and of liberally defined local jurisdiction.

2. *Administrative Deconcentration and Administrative Decentralization.* There are some functions appurtenant to the state which cannot be effectively exercised by the state without localized machinery. This machinery may consist of state officials; it may also be the machinery established for the administration of local affairs. Under such circumstances, there may be said to exist administrative deconcentration in regard to state functions but not administrative decentralization. Administrative decentralization, as regards state functions, ensues only when there is autonomy in the local authority in the mode and manner of administration of state functions occasioned by the differences between localities themselves.

Here we encounter immediately one of the fundamental differences in Continental and Anglo-Saxon thinking on local government. In Continental jurisprudence local government is regarded merely as a species of administrative decentralization. This is true not only in jurisprudence but in administrative practice. Now, while many British and American courts have bravely referred to the municipality as the "mere creature of the state", this idea has never been incorporated in what may be called the sociology of local government. Certainly in some of the home rule states it is hard to see how an instrumentality deriving its authority from the state constitution—from the same source from which the power of the state itself is derived—may be referred to as a "mere creature of the state." In some American states the local authorities, whatever else they may be, are not mere creatures of the state *government*. And if we attempt to bolster the judicial dogma in these instances with the philosophical idea of the state itself as distinct from its government, the whole problem becomes merely metaphysical and absurd.

However, it may be of some use to point out that in Continental thinking we may consider administrative deconcentration and administrative decentralization as frequently existing side by side in local government, if we regard local government itself as one aspect of administrative decentralization. In the Anglo-Saxon countries, it would perhaps be more accurate to speak of administrative deconcentration, administrative decentralization, and local government existing side by side in the local authority. The actual functional allocation may be about the same, and the relations between the central and local authorities may be about the same in both systems, but there is a vast difference in the way of thinking about them. This is true even in those parts of the Anglo-Saxon world most completely at the mercy of "legislative leading strings."

3. *State-Local Relations.* The existence of distinct local interests, apart from the general interest, engenders the necessity of harmonizing the two orders. Normally, this is the duty of the state and it is usually accomplished in two ways:

(a) The local authorities are created as agencies of enumerated and limited powers in accordance with legislative prescriptions. Within the terms of the enumeration, it may be argued that there is local autonomy, but autonomy is obviously used in an entirely different sense from that in which it is used in, for example, Germany. The defects of this method, under whatever guise it is concealed, are well known. Mr. Sellier, in the present issue of this REVIEW, speaks of its deadening effect on French municipal life. American writers of municipal government textbooks inevitably reach their high point of anathema on this subject. Only in England, where these matters were settled once and for all in 1888, is the system of parliamentary meddling regarded as a normal, permanent, and even desirable feature of local government.

(b) The local authorities are granted a liberal and largely self-determined functional jurisdiction, but administrative controls are established for assuring that local action shall not conflict with the general laws and regulations of the state, or with the general interest which it is the task of the state to further. Here, too, fundamentally different conceptions of administrative control appear. In France, Belgium, Holland, Scandinavia, and to a considerable degree still in Germany, administrative supervision is greatly facilitated by the use of the departments and provinces in the control of local authorities. The substance of supervision is much the same as elsewhere, but it is supervision "on the ground" so to speak. Too, prefects and governors are also responsible for the administration of regional functions; they are not swivel-chair experts at supervising only. In England administrative supervision means supervision by Whitehall. In Indiana, it means supervision from Indianapolis. It is difficult accurately to estimate the effectiveness of alien control, even though reinforced by elaborate inspection and visiting, as against supervision by the prefect or the governor, who may represent the central government but who still lives where his decisions are put into effect. It is undoubtedly true, however, that the attitude of administrators and of the public is vastly different under the two circumstances of control, and that administrative supervision means one thing to a Belgian and something else altogether to an Englishman.

4. *General and Special Local Organization.* Regional and local organization is said to be general when the basic juridic structure is uniform for all local organisms. This is the virtually invariable system in Europe, although many large cities have special organic laws. The special charter systems of some American states and the optional charter system are practically inconceivable to the European. Here it must be remembered that we speak of *organization.* Special legislation, private bills, etc., regarding municipal *powers and functions* are still a familiar part of the European scene. And, whatever may be said for special and optional organic laws from the point of view of adapting government to actual conditions in America, they would, and rightly, be unhesitatingly condemned as regards application to European problems and peoples.

5. *Self-Government.* In discussing self-government, one must penetrate immediately into problems of local government organization. We have indicated above the distinction which it is necessary to draw between local autonomy and self-government. The expression "self government", which is a product of the English political vocabulary of the eighteenth century, signifies essentially a form of government opposed to absolute monarchy. It was, in its historical context, applied not only to local organization, but to the constitution and the entire administration of the state. It has, over the years, become ideologically identified with simon-pure representative democracy.

The two constituent elements of English administration, central and local, are administered on the self-government principle, which implies that the affairs of government and administration are confined to ordinary citizens, without professional, political or administrative qualifications. Of course, the sort of local government originally organized and operated on the self-government principle was extremely simple and possessed of few functions. Most of the extension of municipal powers has been built up on the basis of private bills, and this is the typical mode of development at the present time. Within the limits of the legislation in force, the local authorities are theoretically free. Actually, the considerable financial dependence of the local authorities on the central exchequer has resulted in an extension of central powers which has reduced the substantive self-determination of the typical English municipality to a mere myth.

Of late, the self-government principle itself has become noticeably diluted. The increasing complexity of administrative techniques has shifted more and more real power to the professional municipal employees. There is no indication that the end is yet in sight. The relation of the technical officer to his committee continues to be a nebulous sort of trial marriage, in which the technician is sometimes compelled to decide policies and frequently to tolerate much amateurish interference in technical administrative affairs. The consensus of opinion, however, seems to indicate that there is a tendency to leave the technician free in technical matters, while the committee devotes itself to policy. However, since policy is almost completely predetermined at Whitehall, the councillor's life is actually becoming simpler and simpler.

Belgian organization provides an example of communal autonomy, in the sense that the local authorities have very broad functional jurisdiction, combined with a certain amount of self-government, moderated by administrative supervision. The municipal and provincial councils are elected, as are also the aldermen. These elective bodies regulate all matters of local government in the municipalities and provinces respectively. The burgomaster and the governor of the province are named by the King, the former in principle from among the municipal council. Communal autonomy is moderated by the responsibility of the burgomaster to the central government, and by the power of the provincial governor to approve or veto certain acts deemed contrary to general laws and regulations or to the general interest.

6. *Home Rule.* The idea of home rule is clearly much larger than that of local autonomy, since it implies not only a very broad range of local government powers but also the right of the locality to determine its own organization. It has nothing to do with self-government, properly understood. Indeed, the American home rule states are among the leading city manager states, and the city manager plan is the twentieth century's repudiation of eighteenth century thinking in local government organization.

There is no point in discussing American home rule in the journal of the National Municipal League from the substantive point of view. Some years ago the present writer spent a good many months in the United States writing a book on American local government.[1] He was convinced at the time, and remains of the opinion, that home rule could happen only in America. In fact, there seem already to be indications that the philosophy of home rule, which was probably far more widespread and possibly of greater practical importance than the juridical institution itself, is being gradually superseded by conceptions of central and local government relations considerably more in keeping with the demands which are being made upon the public authorities in recent years. It is enough for the purposes of this paper, however, to say that home rule is definitely not the same thing as "local government," "local autonomy," or "self government." There is a Tolstoyan quality about the concept which defeats the European observer, no matter how hard he tries to understand.

---

[1] *Le Gouvernement Local aux Etats-Unis* (1930). Pp. 213. Union Internationale des Villes, 3bis, rue de la Régence, Brussels.

THE INTERNATIONAL INSTITUTE

(Continued from Page 489)

will be submitted to the Warsaw congress which will enable the Institute to go forward in the direction which is clearly indicated if it is to fulfil its purpose.[1] It is reasonable to hope that the next six months will see an extension of central secretariat and activities which will be adequate, at least for the time being, to the preparation for a larger rôle in international affairs.

The Institute is indebted to its American members for many things. By no means the least important of their contributions has been the fostering of the idea of inter-organizational coöperation in the advancement of the art and science of public administration. Particularly to Mr. Louis Brownlow, who has given unsparingly of his efforts in the development of sound plans and techniques of coöperation between the international organizations, is homage due. The sincere wish of the Institute is to work in the spirit of coöperation and mutual assistance which is fundamental to real progress toward the goal it has set for itself.

---

[1] Since this article was written the Warsaw congress met and adopted *in toto* the proposals of the central office and of the Joint Committee for the expansion of the resources and activities of the Institute, as well as the program of inter-organizational coöperation.

Recent Developments in English Local Government

Social services, redistricting of local government areas, and taxation among the important problems dealt with in Great Britain

HERMAN FINER

University of London

THE local government act of 1929 was a high water mark in English local government, since it dealt with some very important and long standing problems—problems of area, the break-up of the poor law, and the combined derating of certain kinds of property and the institution of grants-in-aid based on a formula measuring need. Since 1929 the lines of development have been (1) the progressive realization of the policy of the act, (2) certain supplements to it arising out of the impetus of the Royal Commission inquiries which led up to it, and (3) the development with more width and speed of social services like town planning, housing, and education. Concern for the "derelict" areas and various minor administrative improvements we have not space for here.

It was hoped that the urban and rural districts would be so remodeled in their boundaries as to make them larger and more capable in area, population, and wealth. Several years of obstinate struggle between the counties, which are responsible for the production of the schemes, the districts which are parties thereto, and the Ministry of Health which is the final authority in the matter, and much litigation, have had a much smaller effect than was planned. In 1926 there were 784 urban districts, today there are just under seven hundred, not a very large reform after so long an inquiry. Even the apparent improvement must be discounted, for in the same interval the number of municipal boroughs (which are created out of urban districts) has risen from 256 to 278. The rural districts have declined from 646 to 528, a substantial improvement in authorities which, from the standpoint of public health administration preventively conceived, badly needed reform. Owing to irrational resistance, and to the fear that a reformation of the area would mean higher rates for someone, the districts have been able substantially to frustrate the intentions of the legislator. Yet there is some slight improvement in the direction of less inequality in ratable values, and a slightly higher proportion of full-time medical officers of health. There has been a great outburst of enthusiasm for the acquisition of the status of municipal boroughs. This is partly due to snobbery (there is more pomp and circumstance about a borough), and partly explicable, around London especially, by the wish of local authorities to avoid annexation, or, in the course of time when their population arrives at 75,000 (according to the county boroughs act, 1926), to become county boroughs and so independent authorities entirely exempt from the intrusion of the county council. The act of 1926 has, by putting up the population limit, effectively stopped the creation of county boroughs, to the advantage of the counties which did not want the urban areas to cease being members of their jurisdiction, but not to the advantage of anybody else, whether the boroughs or the country in general.

DISTRIBUTION OF FUNDS

The enlargement of the areas, together with the establishment of a block grant, were designed to reduce the inequality of wealth among the local authorities. It will be remembered that about £45,000,000 were made distributable among the local authorities according to their population, weighted by the number of children under five, the number of unemployed, the ratable value, and in the case of the counties, the sparsity of their population. Now these weights were to be operative only in the distribution between the county boroughs and the counties. The counties then had to pass some of their receipts on to the urban and rural districts within their area—a given amount went to the former and a given amount, one-fifth of the former, went to the latter. This has been the weakest factor in the formula. It does not matter how rich or how poor a district is, the grant varies only with its population. Nor is this all. The act which designed the formula also derated industrial hereditaments and freight-transport property to the extent of three-quarters of their ratable value, and agricultural land altogether.

It was suggested by the local authorities that they ought to be indemnified from the block grant at least to the extent of their losses by this derating, individually. This view was not taken by the central government, with the result that some industrially located authorities who can very ill afford it, get no appreciable offset from their share of the block grant, and have had to raise their rates considerably on the property which is not derated—that is, residential, office, and shop property—and this has made the permanent inequities of the English rating system harsher than before 1929.

Another unforeseen development has occurred. Since the weight for the ratable value depends upon how much less than £10 per head an area has, some areas have been tempted to rate themselves low. At any rate, there is serious complaint among the informed and interested that the Central Valuation Committee of the Ministry of Health, set up as a result of the rating and valuation act of 1925, has not been able to achieve the amount of uniformity in valuation practice and principle that should have followed from their many recommendations. There is also much complaint that when the grant is recalculated in periods of three, then four, and thereafter five years, conditions change so much that there are considerable fluctuations in the grant. It's all very upsetting to those local authorities who receive less! Finally, the Association of Municipal Associations has recently complained against the system of derating on the ground that the judicial interpretation of "industrial" hereditaments has extended the term far beyond expectation (why should breweries be included?), that with the return of prosperity the reason for derating has gone, and that local rates are not an undue burden on industry. The problem of the "derelict" areas has not been met in any important fashion by the block grant. Extra *ad hoc* grants have been made, and large schemes for amalgamating local authorities in the distressed areas are under consideration. The whole problem of the block grant system is now under review.

The counties and the county boroughs undertook an enormous responsibility and a burden of tough administrative problems when they were charged with the relief of the destitute previously carried out by over 640 Boards of Guardians. Their main problems fell into two categories, to decentralize from the county's Public Assistance Committee to a number of guardians committees, and to distribute the destitute among the various special services of the council, whether county or county boroughs, so that each specific cause of destitution should be dealt with by the appropriate service already in being for the general population and not merely for the destitute. The large majority solved the first problem by Public Assistance Committees with coöpted members. Some charged their Public Health Committee with the public assistance work. A few kept the administration in the hands of the council as a whole. It is impossible within a reasonable space to provide a picture of the extent of discretion left to the local guardians committees, but broadly they were entrusted with the administration of outdoor relief, the assessment of repayments, and the management of institutions under the general principles laid down by the county or county borough council, and in coöperation with the professional officials in the usual democratic way. They could not, of course, raise rates or loans, and the officials were the officials of the authority.

It is too early to say what value the various differentia in the schemes of administration reveal. The second category of problems is being gradually solved also—the destitute are being distributed to the committees which operate under the public health, the mental deficiency, the maternity and child welfare, the blind persons, the tuberculosis, and the education acts. And the various general institutions, the workhouses and the infirmaries, are gradually being replaced by specialized institutions. The cost of adaptation and rebuilding is high, and therefore the development is slow. It is noteworthy that the London County Council and the Middlesex County Council have both given up their former scheme of decentralization to guardians committees in regard to the calculation of relief and the assessment of recipients and their relatives for repayment. In the London County Council there are to be local committees to which the officers will refer cases of special difficulty; in the Middlesex County Council special cases will go to a subcommittee of the central Public Assistance Committee. Hitherto, the committees have had far too large a quantity of work, and far too little real discretion.

GRANTS IN AID

The conversion of the individual percentage grants-in-aid of the various public health activities of the local authorities by the act of 1929 into a block grant-in-aid of the services of the authorities in general, was accompanied by the far-reaching principle that if the Ministry were dissatisfied with the standard of any of the health services it might withdraw a part or the whole of the grant. It was also declared that the Ministry wished to concern itself less in the future than in the past with the details of their administration (a consequence of percentage grants) in order to give the local authorities greater freedom. The result has been a discontinuance of the detailed routine inspection of the several services by specialist health inspectors. Instead, periodical *general* surveys of all the local public health services of each local authority have been inaugurated, beginning in 1930. The work of this first set of surveys is of cardinal importance, because for the first time the Ministry's inspectors are investigating a more comprehensive range of institutions and functions than ever before; the counties and the county boroughs are now authorities over all the public health services including the poor law institutions; slum clearance and re-housing are more developed than ever before; and the standard of the services including that of the provision of hospitals and coöperation with voluntary hospitals is higher than ever before.

PUBLIC PERSONNEL

The outstanding event of 1934 was the publication of the Report of the Committee on the Qualifications and Recruitment of Local Officials. Many recommendations of fundamental importance were made, but the principal ones upon which, indeed, the efficacy of most of the others depended, were those requiring the establishment of a nation-wide Central Advisory Committee. This was to be composed of representatives of the associations of the local authorities and the London County Council and the Ministry of Health. It was suggested that it would be advisable for it to contain representatives of local government officers and educational bodies. As a matter of fact, had central advisory bodies of this kind been set up by the local government associations for themselves for many other purposes, the state would not have had to intervene as it has done to control the local authorities by statutory and administrative means. Once again the local government associations, shortsightedly pursuing what they consider to be their best interests in preserving their local independence, have left the way open for the intervention, at some time or another, of the state. They have brusquely refused to accept the recommendation of the committee on which they themselves were represented. Other recommendations, however, like the wide notification of vacancies, appointment by committees and not by officers etc. are being put into operation. Not much attention is being paid to the recommendation to employ university graduates.

Another supplemental development is the codification of the laws on local government. As is well known, the laws were made in such irregular spates during the nineteenth and twentieth centuries that there were many anomalies and some omissions. Two consolidation committee reports have dealt with this matter. One gave rise to the local government act of 1933 which generalized the power of local authorities to acquire land in advance of requirements, redefined the disqualifications for membership in local authorities by reason of pecuniary interest, made uniform the power to appoint committees, and the central sanctioning of local by-laws, and gave power to town councils to adopt central audit or employ professional auditors. Several authorities have already adopted these latter powers. In 1936 a second report was published recommending many minor acts of tidiness. In 1930 the poor law act codified the poor law.

In the development of the social services three movements must be chronicled: the housing act of 1935 and the town and country planning act of 1932, the transfer of the able-bodied unemployed from the poor law authorities to the care of the central government, and, finally, the education act of 1936. The chief object of the housing act is to achieve the standard of a separate dwelling for each family without overcrowding. To this end a definition has been provided in terms of separate sleeping accomodation for persons over ten years of age of different sex not being husband and wife, and in relation to the number and the floor area of rooms per house. Both landlord and tenant are punishable for violations of the standards. It is the duty of the local authorities to survey their area and report to the Minister of Health the extent of overcrowding and the number of houses required to abate it, and to prepare plans to meet the requirements. There is envisaged extensive rehousing and redevelopment schemes, the establishment by the local authorities at their discretion of housing management commissions to manage, regulate, control, repair, and maintain the authority's houses. The exchequer offers substantial subsidies in order to make the rents to urban and rural workers come within their means. This arrangement is the indispensable condition of any really sincere endeavour to cope with the housing problem.

RENTAL REBATES

The Leeds Corporation had already experimented with the system of differential rents according to the means of the tenants by power under the housing act of 1930. The local authority is now granted a very wide discretion in the giving of rebates on rent. All this, of course, is in addition to the hitherto existing powers and duties of the local authorities to secure the demolition or repair of individual houses, the improvement of groups of houses within an area not wholly condemnable, and the clearance of slum areas. The housing act of 1930 codified and extended the ample powers previously existing, but the act of 1935 goes much further. Yet it will be dependent on the enthusiasm and energies of the local authorities and the Ministry of Health how speedily the worst evils are removed. The vital advance is the numerical standard of overcrowding, for hitherto there has been an injuriously wide diversity of judgment regarding what constitutes a slum. The alternative policies of blocks of flats in the center of the town or smaller properties on the outskirts, with the attendant problems of zoning and transport, are still in a fluid state. To advise the minister on matters arising out of the act, and to advise housing management commissions, the minister has appointed a central housing advisory committee of twenty-five expert and interested persons. This is one more example of a noteworthy tendency in adminstration.

The town and country planning act of 1932 codified existing powers and made extensions. This act has given the dynamic lead to the central authority, for while, hitherto, it has been the duty of the local authorities to submit plans within a given time to the central authority, this compulsion has been abolished and instead the central authority has the power to require the preparation of a scheme and to execute in default of a local authority. The schemes relate to any land whether there are or are not buildings thereon, and the purpose of the planning is sanitary, or for amenity or convenience, or for preserving historic and beautiful buildings and places. It is perhaps symptomatic of the increased responsibility of the center that the town planning department is housed separately from the Ministry of Health.

UNEMPLOYMENT

The stiffest problem in poor relief administration, whether from the standpoint of the localization of financial burdens or from that of the administration of the amount and the kind of relief, has almost always been that of the able-bodied unemployed. And in a time of catastrophic unemployment the problem became insoluble by the method of local poor law administration. The unemployment act of 1934 embodied the principle that the central government should accept responsibility, administrative and financial, for assisting the able-bodied. This would operate beyond the payment of the insurance which the unemployment insurance system takes care of, and assist those who had exhausted the benefits of insurance or did not come under them out of the care of the county and county borough poor law arrangements. The scheme is administered by an autonomous central Unemployment Assistance Board of paid members, and advised by local advisory committees. The Minister of Labor takes responsibility for the regulations under which the relief is administered—regulations made by the board. The assessment of need is through the Labor Exchange officials. The machinery is in being, but the new standards are inoperative because the first issue of standards was so rigid that there was dissatisfaction to the point of riots in various parts of the country. Over a year has gone by in the attempt to discover a centrally-founded standard with sufficient local flexibility. It is, once more, on the point of being issued. An interesting development under the act is the duty imposed on all local education authorities to provide, with a central subsidy, compulsory juvenile instruction centers. The minister and the board have power to make adult attendance at instruction a condition of assistance.

This account of local government development is at once crowded and incomplete. It has been impossible to do more than pick out the main events, and then only to suggest their principal importance. There are many problems still in the state of fermentation which merit discussion—scores of problems—and perhaps I shall be allowed to come back to them on another occasion.

THE INTERNATIONAL UNION

(Continued from Page 486)

throughout the world. Thirty national unions of local authorities now compose the Union, including the federation of state leagues of municipalities in the United States, the American Municipal Association. Some large nations remain outside. Some small nations, the accomplishments of whose central and local governments in the field of public administration make them of the greatest interest, remain unaffiliated. It is our sincere hope that the near future will see the extension of our membership to all those countries genuinely interested in the development of the best possible public administration in behalf of the welfare of their peoples.

Meanwhile, the direction of the Union's development seems fairly clear. The struggle for mere survival has, we believe, come to an end. The future lies in the direction of broadening the horizons of those who administer and those who study administration, including those of the Union itself. We are convinced that the key to the future success of this organization, and of its kindred international associations in the field of public administration, lies in planning, in coöperation, and in mutual assistance in our efforts toward our common objectives. By accepting the complete implications of its responsibility in promoting and planning the fullest international intercourse on administrative problems, the Union hopes not only to contribute to the development of the art and science of public administration, but perhaps also to further international friendship and understanding in a world growing further apart politically with the passing of each day.

The Outlook for Local Government in France

French municipalities struggle between national centralization and local self-government

HENRI SELLIER *Minister of Public Health, Housing, and Sports, France*

In all the countries of Europe the conditions arising from the War, the financial obligations which have been imposed on the urban centers, and the social policies which have been adopted by the national governments have forced a drastic change, none the less effective for not being in many cases the result of statutory changes, in the relations between the central authority and the local governments. France has not escaped the impact of these conditions. If no modifications have been made in the regulations governing the local authorities which would restrict municipal rights and prerogatives, governmental practice has served, as in the other countries, appreciably to limit their liberty and their initiative.

In order properly to understand the portent of these trends, let us take a hurried glance at the high points in the development of French municipal law in the course of the last century, which reveal the profound modifications of political orientation which have taken place within the French nation. Before the Revolution of 1789 there was, in fact, no such thing as French municipal law. Throughout the whole of France, at the hazard of circumstances, of traditions, of negotiations between the communities and the feudal overlords, not to mention frequent armed insurrections, there was gradually built up communal organization with as many variations as there were communes. The administrative reform following the Revolution, which had as one of its objectives to make France "one and indivisible," was based upon a uniform legislative regulation of local government—obviously a complete departure from the former state of affairs.

Under this legislation France was divided into departments, which were subdivided into communes, to which a uniform administrative structure was accorded, without regard to their size, their economic character, or their social constitution. The regime was essentially democratic, in the sense that the municipal governing bodies were elected by universal suffrage, and designated without interference the persons destined to conduct the administration—the mayor and his assistants. The prerogatives of the local authorities were also extremely broadly defined, but subject to certain financial limitations, in the sense that they were allowed to levy only those taxes prescribed by laws which were framed for the aggregate of the communes.

With certain formal variations, this scheme of things obtains to the present day. It has, of course, been fundamentally affected by the successive political orientations which have occurred.

The empire and the monarchy which followed in the wake of the French Revolution maintained the system of elective municipal councils, except that during the first part of the eighteenth century only the propertied classes were admitted to the suffrage. But the power of designating the mayor and his assistants was lost to the state, or to the representative of the central government, the prefect of the department. Subsequent developments, however, limited appreciably the power of the central government in the naming of the mayors and their assistants in the more populous communes.

THE MUNICIPAL LAW

The law of 1884, which is the municipal charter law of the republican regime, established definitively the liberty of the local authorities in the designation of their administrative officials. It did not, however, remove the fiscal tutelage in which the municipalities had been bound, and one of the greatest defects of French local government at the present time is that the identical system of taxation is imposed on great cities, industrial areas, rural communes, and residential satellites.

Among other things, the law prescribed the respective spheres of competence of the deliberative power, the municipal council, and the executive power, the mayor and his assistants. In fact, the executive power is centered completely in the mayor, since his assistants have no authority to act except when the mayor is absent, or in matters concerning which he has specifically delegated his authority. The single executive is an undisputed fact in French local government.

But both the executive and deliberative branches have authority of two sorts; in some cases, each within its respective province, their decision is conclusive, in others they must have the approval of the central government or of the central government's representative, the prefect. Under such circumstances it is quite clear that each change in the political complexion of the central government is a matter of considerable importance to municipal liberty. The enumeration of acts which must or must not have the approval of the central government is obviously established in the law. The protagonists of municipal liberty insist that the restrictions imposed by the law are in limitation of the powers of the central government in demanding approbation—everything not specifically prohibited to the communes is within their competence. Each time, on the contrary, that the central government wishes to extend its power over the municipalities it considers that only those matters are relegated to the independent competence of the municipalities which under the terms of the law do not require central approbation. Precisely around this issue has raged a debate which has plagued French local government for almost a century, whether, for example, the municipalities have the right to administer directly, "en régie" as the French phrase goes, the public utility services. During periods in which the central government takes a liberal view of municipal powers, it is considered that since there is no formal interdiction to direct administration of such services, such administration is within the power of the municipalities. In periods of reaction, it is insisted that since direct administration of public utility services is not expressly contemplated by the law, the communes are prohibited from all activity of this nature.

With regard to public utility services, as in other matters, even when the central government has no direct control over actions which this or that predominant political group may regard as inopportune, the central authorities exercise broad powers in the conduct of municipal affairs. The law, for example, provides that long-term contracts of the local authorities shall not be valid without the approval of the central government, and by the exercise of this power much control is gained over many important municipal functions. Since almost every important development in the municipal services involves the borrowing of money, and since such borrowings involve gradual amortization, the power of the central government over long-term engagements again comes into play, and the central authorities are thus given virtually absolute control over important municipal activities. This is not theory: the exercise of these prerogatives of the central authority characterizes completely the liberal and reactionary policies manifested during the different periods.

THE COUNCIL OF STATE

Another limitation to municipal autonomy is the right of any French citizen to demand of the Council of State the annulment of an act of the local authorities. The authority of the Council of State in this regard is not unlike that of the United States Supreme Court. Here also, following the general political circumstances, the Council of State manifests tendencies now of liberalism and again of reaction. Curiously enough, however, the excesses of liberalism or reaction of the central government do not always coincide exactly with those of the Council of State. For example, a legislative act of 1926 gave to the municipal authorities the right, in accordance with certain formalities, and particularly that of the approval of the central government, to administer directly public utility services. Several municipalities undertook the administration of such services "en régie," and in the course of time an interested citizen brought the matter to the attention of the Council of State. The Council of State enjoined the municipal authorities from proceeding with such projects, on the pretext that the law of 1926 had not given the municipalities any new prerogatives, but only regulated the conditions under which they exercised their former powers. Since the Council of State had not previously considered that the municipalities could operate directly the public utility services, except in cases where private initiative had failed or was inadequate or insufficient, the same restrictions continued to apply and the act of 1926 affected only the mode of exercise of the power of operation as it existed previously. But that was not what the legislators who drafted and passed the act of 1926 had in mind.

As in Holland and in Belgium, the financial difficulties which have resulted from the economic crisis have considerably strengthened the hand of the state in municipal affairs. The municipalities have, in a number of cases, been forced to turn to the state for subventions for the maintenance of certain services which they were utterly unable to pay for—unemployment assistance, for example. In taking advantage of the opportunities which this embarrassment offered, the state has imposed regulations on the smallest acts of the local authorities, has submitted them to multiplied vexatious formalities, has increased appreciably delays in administrative action, and has, in general, completely hamstrung the municipal officials. All of this was not without its full measure of effect in the May parliamentary elections, as may be judged by the outcome.

The new government, called the *Front Populaire,* has, by its origin and nature an attitude more favorable to the maintenance and development of municipal liberties. Many of the leaders in the new government have had large experience in the administration of local affairs; these men are firm in their conviction of the need for fundamental administrative reform in the direction

(Continued on Page 519)

The Changing State-Local Financial Picture in France

National government contributed nearly a quarter of local expenditures during 1934 in centrally collected taxes, grants-in-aid, loans, etc.

WALTER R. SHARP
University of Wisconsin

SINCE the World War and especially during the present period of economic depression, every industrialized country has had to grapple with the perplexing difficulties involved in readjusting the fiscal relations of central and local public authorities. Notwithstanding the strongly centralized character of its governmental system, France has not escaped the impact of this problem. Some, at least, of the recent piece-meal changes made in French local finance have suggestive implications for American legislators and tax officials now engaged in an effort to "rationalize" our own federal-state-local revenue relationships.

For purposes of local government France is divided into ninety territorial *départements,* corresponding roughly to our counties, and 38,000 *communes,* both urban and rural in character. Until the last third of the nineteenth century local units enjoyed almost no political, administrative, or fiscal autonomy. After 1871, however, control from Paris was considerably relaxed by a series of legislative changes culminating in the decree-laws issued in 1926 by the Poincaré government. Elective municipal councils, for example, have been granted increasing leeway in determining objects of expenditure over and beyond the mandatory items laid down by national legislation. Departing from a pronounced nineteenth century fondness for private initiative in local affairs, post-war legislation has authorized French cities to expand along a broad front of municipal public utility enterprise, although France still lags behind England and Germany in this respect.

Until the World War local revenues were obtained primarily from taxes on real estate, rentals, "doors and windows," and occupations by adding local "centimes" (hundredths of the franc) to tax quotas fixed each year by the central government. The maximum number of local centimes that could be levied by local authorities was laid down annually in the national budget act. With the exception of the municipal *octroi,* an old internal quasi-customs tax dating from before the French Revolution, no independent local tax sources of any importance were available to local taxing bodies.

So far as local requirements were concerned, this system gave fair satisfaction until the period of the war. Then, by a series of reforms passed in 1914-17, three of the four antiquated and inequitable direct taxes mentioned above were abolished as sources of national revenue, personal and business income taxes replacing them, only the real estate tax being retained in modified form. This action placed a new complexion on the local tax problem. It was not thought feasible to superimpose additional centimes upon income tax rates. Instead, however, of directly reconstituting the local tax base, it was decided provisionally to continue the local "additional centime" system by using as an artificial base the direct tax quotas formerly established for national purposes. This was admittedly a cumbersome and unsatisfactory arrangement.

FINANCIAL CONFUSION

The decade following the peace was marked by increasing confusion in local public finance. In 1918 the *octroi,* outmoded as a twentieth century revenue instrument, was greatly reduced as regards classes of goods that were taxable, as well as rates that might be charged. Eight years later the traditional "doors and windows" tax was completely abolished for local purposes. Local revenue further shrank because of a marked decline in the share of the real estate tax yield which accrued to local authorities. This decline was produced in part by the fall in farm values, still more by the appropriation of an increasing proportion of the proceeds by the heavily indebted central government. In order to finance growing expenditures for welfare, health, relief, rural electrification, schools, and highways, local authorities were not only forced to levy all the local traffic would bear, but were obliged more and more to borrow money. By 1929 the local public debt, in terms of the devalued franc, had grown to three times what it was before the war.

After 1931 the impact upon France of the world economic depression further aggravated the crisis in local (as well as national) finance. By 1934 local expenditures, augmented by relief and public works outlays, reached a total which was 165 per cent higher (account being taken of currency devaluation) than twenty years before. Aggregating over 23,000,000,000 francs ($920,000,000), this sum amounted to 40 per cent of the "regular" national budget (not including revenue from the post office, state telephone and telegraph systems, and tobacco and match monopolies).[1]

Two groups of communes were hit hardest by this critical situation. On the one side were the small rural communities with an excess of old people and greatly reduced farm income. On the other side were the larger cities and industrial suburban communities, where unemployment was greatest. Many of the medium sized urban communes still managed to get along fairly well, some of them because of very lucrative revenues from public forests or mining concessions located within their territories. Nevertheless, had it not been for the fairly close control over local tax collections and loans exercised by the central authorities (prefects and ministries of the interior and finance), municipal bankruptcies would doubtless have been frequent during recent years. (To Americans it will appear remarkable that only one French city has actually defaulted on its obligations—a single-industry community in which the industry failed!)

Several years prior to the present financial crisis the demand for local tax reform began to be heard. This demand was focused primarily through two groups: the "mayors' bloc" in Parliament and the National Association of French Mayors outside. In France the tie-up between local officials and the national Parliament is peculiarly close. From two-thirds to three-fourths of the deputies and senators are at the same time mayors or members of municipal or "county" councils. Those mayors who belong to Parliament constitute a powerful voting group for the protection of local interests. Outside Parliament the Association of Mayors, with a permanent headquarters in Paris, holds annual meetings and carries its proposals directly to the mayors' group in Parliament, or, if need be, to cabinet ministers.

---

[1] For convenience in computation, the pre-Roosevelt dollar, worth 25 francs, is used in this article for converting sums from francs into dollars.

In a less direct fashion the French Union of Cities, founded in 1913, engages in efforts to secure legislation favorable to the smaller municipalities. It also provides technical aid and legal advice to those cities that cannot themselves afford to maintain such services. In conjunction with the Association of Mayors, which is dominated by the representatives of the larger cities, the Union of Cities has been a constructive element in the struggle for the reorganization of local public finance. Taxpayers' leagues have also played roles of varying importance, sometimes of a constructive, more often of a destructive character.

FINANCIAL REORGANIZATION

To date the remedial steps taken with a view to relieving the crisis in local public finance may be grouped under six heads: (1) Utilization of new state collected and locally shared taxes; (2) establishment of certain independent sources of local revenue; (3) expansion of direct subsidies from the national treasury; (4) state loans of capital and reduced interest rates; (5) transfer of highway costs from local to central authorities; (6) emergency economy measures of 1935. A brief discussion of each of these reforms is necessary in order to understand the shifting financial picture.

(1) By laws enacted in 1920, 1925, and 1930 several new centrally collected and locally shared taxes were set up. The most important of these include taxes on alcoholic beverages, motor cars, business turnover, and official identification cards for foreigners. The apportionment of their yield between state and local authorities is determined by legislative formulae which take into account such factors as the consumption of wine and beer, highway mileage, population, and the number of alien residents respectively. More recently, in 1934-35, 10 per cent of the national gasoline tax yield was also allocated for local purposes and new locally shared taxes on hunting permits and filling stations were imposed. Designed in part to replace the old *octroi,* the portion of the proceeds of these new taxes accruing to the *départements* and *communes* now amounts to around 5 per cent of their annual expenditures. While a nationally unified system of collection for such taxes is probably necessary and admittedly an advantage, the criteria by which the proceeds are distributed are subject to widespread criticism. The chief complaint is that the principles according to which local allocation is made have no close relation to the varying revenue needs of local districts. Many cities, receiving larger sums than they can use, are tempted to be extravagant, while others find the amounts insufficient to replace lost or declining tax resources.

(2) As a further means of helping local authorities to put their financial houses in order, a law passed in 1926 set aside twenty-three different taxes, licenses, and fees for municipal use. This list included (a) taxes on the income of certain types of property, on employers of domestic servants, on business office rentals, on gas and electricity, on advertising, and on the users of automobiles, pianos, and billiard tables; and (b) the power to license athletic clubs, night clubs, race courses, and hunting. In certain cases, where the state is permitted to tap the same item, the local levy is limited to 25 per cent of the state tax. Producing an annual yield of only 150,000,000 francs ($6,000,000) for all those cities that have so far utilized them, these taxes have proved disappointing. At best they represent but a

slight step in the direction of establishing any substantial *independent* and *separate* municipal revenue sources. To the city of Paris, which was already making use of most of these taxes by special authorization, the 1926 legislation proved of no benefit at all.

GRANTS-IN-AID

(3) A wide variety of central subsidies to local public services have been resorted to. The use of direct grants-in-aid began in France as early as 1871, but did not reach formidable proportions until the 1920's. The factors leading to this practice were three-fold: (a) the expansion of the activities of local governments in the social and economic domain; (b) the inadequacy of local tax yields, tied as they were to an artificial and inflexible tax base; and (c) the growing disparity in the capacity of municipalities (and to a less degree *départements*) to meet the burden of rising local expenditure, which gave rise to a demand from the poorer units for "equalization."

As is the case elsewhere, French grant-in-aid policy has evolved without systematic planning—partly by special statutory enactments, partly by provisions inserted almost as "afterthoughts" in annual budget laws, and sometimes merely by the issuance of executive orders. Moreover, it is a policy which remains constantly in a state of flux. During the years 1931-32, for example, no fewer than thirty different parliamentary acts relative to state aid for unemployment relief reached the statute book.

Except for a small subsidy granted annually to the ten "poorest" *départements* for their general use, it has been the practice to assign central subventions to *specific* local purposes, as determined by national legislation. In large part these purposes consist of activities the maintenance of which the state has, in principle at least, made mandatory upon local authorities. In order of fiscal importance, such subsidized activities may be classified as follows: (1) Unemployment relief and social welfare (aid to dependent children and child-bearing mothers, old age benefits, etc.); (2) public works projects (including school buildings, highways, tramways, autobus lines, water supply systems, low cost housing, urban beautification, and rural electrification); (3) promotion of agriculture (technical and education facilities, insurance, etc.); (4) public health (hospitals, clinics, tuberculosis sanitariums, free medical service); (5) police and fire departments.

The distribution of state subsidies follows three distinct patterns. One type of grant takes the form of a fixed percentage of total expenditure for the service in question. Accordingly, public aid to dependent and neglected children is financed by the central government (20 per cent), the *département* (40 per cent), and the municipality (40 per cent). This is a simple procedure which is claimed not to have encouraged wasteful expenditure, but which does little to mitigate inequality of local revenue capacity.

The tendency now is to employ more complex formulae of allocation. Thus a second group of grants are distributed by taking into account various indices of local capacity (population, total assessed property valuation, or per capita or per square kilometer) without regard to need.

Still a third method, now more extensively employed than either of the other two, is based upon the direct ratio of the number of units to be aided (unemployed, large families, etc.) to the total population; or, if it is desired to stimulate local public works, upon the inverse ratio of the units already available to the size of the area, e.g., completed highway mileage per square kilometer.

This type of grant is best illustrated by the graduated scale of state assistance to local unemployment relief funds (obligatory in the larger municipalities). Where the number of registered unemployed does not exceed ten per thousand inhabitants, the state's share is 60 per cent of the total outlay. As this ratio increases, the percentage increases to a maximum of 90 if and when the proportion of unemployed exceeds thirty per thousand.

In occasional instances the allocation of state grants is left to the discretion of central administrative commissions set up specifically to pass upon local requests.

Once appropriated, state grants are technically handled by the staff of the appropriate ministry (Labor, Public Works, Health, Agriculture, or Education). The plans for public works projects designed to relieve unemployment must be submitted for technical approval by the Ministries of Finance, Interior, and Labor. When they reach joint agreement on the matter, the local authority seeking a grant is so notified. Applications for other types of grants are legally subject to approval by the prefect, acting as the regional (*départemental*) representative of the Minister of the Interior. In practice, however, the prefect's dependence upon local members of Parliament for political good will and electoral activity reduces his scrutiny of the wisdom of local spending almost to a formality.

So far as the expenditure of its grants is concerned, the state exercises an indirect control in various ways. By general legislation it has laid down rules of recruitment and scales of pay for local administrative employees which operate so as to guarantee a minimum level of competence. Further, a branch of the Ministry of the Interior regularly inspects the operation of certain services administered locally. The effectiveness of such inspection, however, is questionable because the concern of the Ministry of Interior is all too often with politics rather than with the improvement of administrative standards. Accountability for expenditure is much more effectively provided for. Here the "élite" of the national civil service come into the picture as "general inspectors" of the Ministry of Finance. By unannounced visits and periodic inspections they criticize and suggest improvements in methods of accounting and make what amounts to a *pre-* as well as a *post-*audit.

As a further condition of securing state assistance, local authorities are frequently required to keep within such minimum or maximum scales or other conditions as are set by national law or decree. Again, taking unemployment relief as an example, the scale of relief benefits per person or family, as well as the rules of eligibility for relief, is fixed by Paris and must be adhered to by all municipal authorities securing state subsidies.

FINANCING OF PUBLIC WORKS

(4) Despite the fact that direct subsidies to local government services now aggregate as much as 3,000,000,000 francs ($120,000,000), or 13 per cent of total local expenditures, an increasing portion of local public works activity has had to be financed by borrowing. The state itself has participated in these credit operations by making annual advances of funds to private lending institutions for specified outlays (e.g., rural electrification, low cost housing, local road construction, etc.). In order to lighten the debt charges borne by *départements* and municipalities, the national government went still further in 1931 and set up a special fund for the purpose of reducing the rate of interest on local public bond issues. Long de-

manded by the Association of French Mayors, this fund (*Caisse de Crédit aux Départements et aux Communes*) was provided with an initial appropriation of 300,000,000 francs and has since been nourished by the proceeds of national taxes levied on gambling establishments and commercial sports. Upon request by local government units, the *Caisse* is authorized to assume a variable percentage (15 to 75) of the annual interest charge depending upon their size (population) and financial situation, provided the loan does not bear more than 6 per cent nor run for more than thirty years, and provided the project is approved as socially desirable and economically sound, and is not already subsidized by more than 60 per cent of the total outlay. Loans for public works to relieve unemployment receive preferential treatment. By the end of 1934, nearly seven thousand communes and seventy-four *départements* had taken advantage of these cheap borrowing arrangements.

(5) Five years ago, with a view to reducing the burden of local expenditure, the financial responsibility of caring for forty thousand kilometers of secondary and tertiary roads was transferred directly to the central treasury. This action was taken in partial response to the clamor of local officials that the state should re-assume the total cost of financing such major functions (highways, education, and relief) as were not merely of local significance. Here may be noted a trend back toward direct centralization resulting from the depression.

(6) Faced with the dire necessity of balancing the national budget if devaluation of the franc was to be averted, the Laval Government, during the summer of 1935, imposed a series of emergency economy decrees which reached down to local authorities. First, a flat 10 per cent reduction was ordered on all state expenditures except relief and welfare payments, including subsidies to local services. Next, municipal budgetary procedure (preparation, vote, execution, and audit) was subjected to a revised set of rules by which, among other provisions, the central authorities may reduce non-mandatory municipal appropriations wherever the per capita direct tax levy exceeds a fixed maximum or municipal debts reach a level "dangerous to government credit." Thirdly, the limitations on the number of local "additional centimes" imposable by local taxing bodies, which were formerly specified anew in each annual budget law, now become permanent at slightly lower levels on the average. These are restrictive measures implying a legislative and administrative control more drastic than is to be found in any American state.

SUMMARY

The foregoing account summarizes the major reforms which France has adopted since the war for the purpose of "rationalizing" the fiscal relations of central and local governments. During 1934, to present the picture in full, the French state contributed as much as 22 per cent of all local expenditure in one form or another—centrally imposed and locally shared taxes, direct grants-in-aid, loans, and reduction of interest on local bond issues. In the aggregate, this contribution exceeded 5,000,000,000 francs ($200,000,000) and amounted to nearly 10 per cent of the total "ordinary" national budget for that year. In contrast with corresponding percentages obtaining in Great Britain and Germany, these figures will perhaps not appear striking.[2] It must be remembered, however, that "local self-government" has never prevailed to the same degree with the French as with the Anglo-Saxons.

---

[2] Cf. Mabel Newcomer, "Locally Shared State Revenues," NATIONAL MUNICIPAL REVIEW, December, 1935.

The reform of French local finance is still unfinished. There is little satisfaction with the way in which the existing "system" is working. It is criticized from numerous points of view. Nearly everyone agrees that it is too confused and unduly complex. Some sort of codification is demanded on all sides. But there agreement ends.

An analysis of current proposals and counter-proposals does, however, suggest several tentative observations: (1) In a country like France, traditionally used to a high degree of legislative and administrative centralization, there is much to be said for letting the central government finance and perhaps administer *in toto* public elementary education, unemployment relief, and major public works projects. Not only would this change give substantial relief to local budgets everywhere, but it would also facilitate the task of equalizing local tax burdens.

(2) In so far as possible, the effort begun in 1926 to establish a really productive system of separate and independent revenues for local areas should be carried forward. If the state were to surrender completely to the localities the real property tax and allow them exclusive use of the taxes on *occupiers* (analogous to English local "rates"), on professions, and on sales of luxury goods, many French tax experts believe that such a goal could be approached.

(3) On account of the difficulty of evolving a formula of distribution that is equitable and does not at the same time encourage loose local financing, the sharing of centrally imposed and collected taxes with local authorities has not given good results in France.

(4) Similarly, French experience with "earmarked" grants-in-aid suggests that they may encourage local fiscal irresponsibility unless they are allocated in terms of *measurable* need and their administration is adequately supervised and audited by competent agents of the central government. A good many French municipalities have been "lured" by subsidy and cheap-loan bait into capital outlays beyond their means in order to reduce current maintenance charges.

(5) The problem of how to equalize the burden of local expenditure cannot be solved so long as central tax and subsidy policy helps to perpetuate the existence of outmoded and pauperized units of local government. For many years a movement to consolidate local taxing and administrative areas has been under way in France. Unfortunately, the political and psychological obstacles to consolidation are as formidable there as in our American states. Since 1926 regional (inter-*départemental*) and inter-municipal consolidation on an *ad hoc* basis has been permissible for hospital service, the operation of welfare institutions and normal schools, and certain public utilities. But the thirty-eight thousand communes still remain as general governmental units, all but seven thousand of them averaging less than one thousand in population. Thousands of these rural communes are too poor in resources to maintain the uniformly prescribed governmental organization of mayor, council, tax collector, village police, and separate school. Three thousand "consolidated" communes could probably perform the task of local government much more efficiently and economically than thirteen times that number, without seriously inconveniencing the taxpayer. Correspondingly, the ninety *départements* could with advantage be "regionalized" into a fourth as many districts.

(6) If inter-unit consolidation could be achieved, the classification, or zoning, of communes with respect to pattern of government and financial independence would be a logical supplementary step.

Continued on Page 552)

The New Local Government of Germany

German municipal government still in a state of transition—much depends on local officials' use of powers delegated to them

FRITZ MORSTEIN MARX — *Harvard University*
ROGER H. WELLS — *Bryn Mawr College*
GOTTHILF BRONISCH — *Obermagistratsrat, Berlin*

THE LOCAL GOVERNMENT ACT

Political reorientation, whatever its causes may be, concentrates as a conscious procedure primarily on the transformation of thought patterns. But as thought patterns consolidate themselves into constitutions, so new ideologies seek self-expression in governmental forms of their own coinage. To what extent they succeed in reframing the political structure depends not only on their mass appeal but also on their ability to absorb and enlist established traditions. Germany's national resurgence, basically a middle-class uprising, illustrates this "paradox of revolution" perhaps more clearly than comparable developments because the skilled small-income groups, thrown on the defensive since man's blind surrender to machine production, instinctively tend more to preservation and restoration than to experimentation. In addition, constitutional legislation in the Third Reich reflects a phenomenon anything but unprecedented: the acclimatization of a militant opposition creed to the atmosphere of restraint which emanates from governmental responsibility. As early as the summer of 1933 Hitler made it plain to his eleven regional representatives (*Reichsstatthalter*) that "the ideas of our program do not oblige us to act like fools and to overthrow everything, but to realize our aims judiciously and cautiously."[1]

The very fact that German local government for centuries has been profoundly affected by the emergence and the decline of successive tides of political reorientation, is a notable comment on its institutional continuity and its political significance. Autonomy of its manifold subdivisions gave the multipartite medieval state its peculiar shape. In the seventeenth and eighteenth centuries absolutism, fortifying itself through rigid centralism and "enlightened" bureaucratization, began to permeate the local sphere. But this encroachment was not without its blessings: it counteracted municipal particularism and threw the city hall gates wide open to the meticulous administrative standards elaborated by Prussia's, Bavaria's, or Saxony's professional public service.[2] When Frederick the Great's state, rapidly deteriorating after his death into a revered anachronism, met disaster at Napoleon's hands, Freiherr vom Stein initiated his reform program by granting full self-government to municipalities in order to mobilize the people's civic energies in the cause of reconstruction.

---

[1] *Hamburger Anzeiger,* No. 156, July 7, 1933.

[2] For a brief presentation of spirit and standards of German local government at the close of the eighteenth century cf. Fritz Morstein Marx, "City Management in 1798": *Public Management,* January, 1935.

Political representation thus made its first appearance in the city. Weimar democracy, in 1919, merely bestowed a national charter upon a cherished and deep-rooted institution when it safeguarded local government's legal status through its explicit inclusion in the constitutional bill of rights.[3] Ten years later, however, German municipalities found themselves caught in the desperate swirl of economic depression, and, at the same time, challenged by the display of national initiative called forth by the very scope of the catastrophe.[4] This precarious situation alone seemed to place local government at the mercy of National Socialism. There was no lack of pessimistic forecasts, as the Hitler cabinet took time to reconsider the future role of municipal autonomy in the "totalitarian" state.[5] The reassuring outcome is the local government act (*Deutsche Gemeindeordnung*) of January 30, 1935.[6]

THE "BASIC LAW"

The date on which the *Deutsche Gemeindeordnung* (*DGO*) was promulgated in itself underlines the fundamental importance of the act, for it commemorates the day Hitler rose to the chancellorship in 1933. The preamble makes the obvious explicit by introducing the *DGO* as a "basic law of the National Socialist state." How do self-government and "national leadership" meet?

The new faith manifests itself along these lines:

(a) The *DGO* provides all German municipalities, with the exception of Berlin,[7] with one single statutory foundation, thus substituting national control for state control over local government.

(b) Under the act municipalities "must conform to the laws and the aims of national leadership."

(c) For each unit of local government a party delegate is to be appointed whose consent is required for the adoption of the unit's charter. Moreover, he participates in picking the mayor and the mayor's substitutes (*Beigeordnete*) who operate as departmental chiefs, and selects the councilmen.

(d) The responsibility for the conduct of local government is exclusively concentrated in the mayor (*Führerprinzip*) who is aided by the advice of the councilmen. The council does not cast a vote.

On the other hand, the spirit of preservation and restoration finds expression in the following features of the *DGO:*

(a) The scope of local government has practically not been restricted as compared with established standards prior to the national revolution.

(b) The "rights of municipalities" may not be encroached upon except "by statute." Administrative control over local government is exercised through executive departments, with the National Ministry of the Interior at the top, charged with specified supervisory powers under the act. "No other authorities or agencies" are entrusted with the right to impose their will on the municipalities.

---

[3] For an instructive and concise account of German municipal government and administration under the Weimar constitution see Roger H. Wells, *German Cities* (Princeton, 1932). This book has not lost its indispensable character through recent political and legal changes.

[4] On the present-day trend toward larger basic units cf. also Fritz Morstein Marx, "Whither Local Self-Government?": *Public Management*, May 1934.

[5] On a significant preliminary step cf. Fritz Morstein Marx, "The New Roof over German Local Government": *National Municipal Review*, May 1934.

[6] *Reichsgesetzblatt* I p. 49. Cf. also the subsequent ordinances of March 22 and March 26, 1935 (ibid. pp. 393 and 470). The text of the act together with an extensive official *Begründung* has been published in the *Deutscher Reichsanzeiger* (1935, Nos. 25-28).

[7] For Berlin the Prussian act of June 29, 1934 (*Preussische Gesetzsammlung* p. 319) has remained effective.

(c) The party delegate, who holds no municipal office himself, may exert influence only in the preparation of those measures in which he has the legal authority to participate.[8] In nominating the mayor and his substitutes from all qualified applicants who have responded to the legally prescribed public announcement of existing vacancies, the party delegate does not preclude the supervisory authorities from rejecting all submitted candidates. The selection of mayor and substitutes rests ultimately with professionalized administrative bodies. As to the representative organs of local government, the party delegate may not confine himself to the routine appointment of "politically reliable" citizens as councilmen, but must also see to it that the statutory requirement of "fitness and reputation" is met. In council meetings the members "are obliged to express themselves if their views differ from that of the mayor."

(d) Full-time (salaried) mayors and substitutes, prescribed for all communities of more than ten thousand inhabitants, are appointed for a term of twelve years, nonsalaried for six years. The positions of mayor or "senior substitute" in city-counties are open only to aspirants who have passed successfully through the extensive program of career preparation for the judiciary or the higher civil service.[9] Mayors and substitutes are subject to removal by supervisory authorities only during the first year of their term.

NATIONAL TRUSTEES

This brief survey of local government under the *DGO*[10] will serve to illustrate the strength of political tradition in Germany's public life. Not less noteworthy, however, are those provisions of the act which deal primarily with municipal administration. Here the controversial ground of local finance warrants particular attention.

"The municipalities," we read, "as trustees of the national community, have to administer their property and their revenues conscientiously. It must be the supreme goal of their economy to preserve the soundness of their finances in the light of what the taxpayers can afford." This declaration of policy finds its essential supplement in the principle that the territorial basis of each unit of local government must insure the maintenance of effectively integrated community spirit and, at the same time, "the municipality's capacity to fulfill its tasks." City limits, therefore, may at any time be revised, inadequate units of local government abolished, annexed, or combined to a new municipality. While the *Reichsstatthalter* is empowered to decree such changes, he is directed to give the affected unit the opportunity to express itself on the project. The necessary financial arrangements are in the hands of the supervisory authorities. It is to be expected that local government's overdue housecleaning will soon be under way.

FRITZ MORSTEIN MARX

---

[8] Cf. the *Ausführungsanweisung* (*Ministerialblatt für die Innere Verwaltung*, 1935, p. 442).

[9] Cf. Fritz Morstein Marx, *Civil Service in Germany*. Commission of Inquiry on Public Service Personnel, Monograph 5 (New York & London, 1935) pp. 200 ff.

[10] For some supplementary observations cf. Fritz Morstein Marx, "Germany Remolds Local Government": *Public Management*, May 1935. For current information on the trend of German local government readers are referred to *Der Gemeindetag*, the house organ of the "roof" organization of German local authorities, and to Kurt Jeserich (ed.), *Jahrbuch für Kommunalwissenschaft*, appearing annually since 1934 (Stuttgart & Berlin).

MUNICIPAL ECONOMY

Can anything good come out of the New Germany? The question should not be lightly answered in the negative. In spite of certain policies which have caused widespread criticism abroad, the National Socialist régime has a number of substantial achievements to its credit. Among these may be mentioned the German local government act (*Deutsche Gemeindeordnung* or *"DGO"*) which was passed on January 30, 1935[1] and went into force on April 1, 1935.

The German municipal government act is commendably brief, containing only 123 sections, and is divided into eight parts or chapters. Part VI (secs. 60-105) is called "Municipal Economy" (*Gemeindewirtschaft*) and deals with these subjects: municipal property; economic activity of municipalities; debts; budgets; and treasury, accounting, and auditing procedure. Much of Part VI is old and is taken from the previous laws of the states, but there are also new elements which reflect the National Socialist ideology. The whole comprises a uniform and standard pattern for the future administration of the *Gemeinde*. The principal provisions of Part VI may be summarized as follows.

Municipal property is to be carefully and economically administered. Maintenance, replacement, and enlargement costs are carried in the ordinary budget. Municipalities shall not acquire property beyond what is needed for the performance of their present or conceivable future functions and, as a rule, such acquisitions shall be financed from the regular budget or from reserves built up through annual budget contributions. Loans are not absolutely precluded but may be resorted to only in emergencies. German cities had and still have large holdings of lands, forests, and other properties. However, in some cases since 1918, over-ambitious purchase programs were undertaken which resulted in financial difficulties. Such abuses the *DGO* endeavors to check.

The extent to which municipalities should engage in economic activities competing with private business has been a topic of great controversy in Germany. In the post-war period, examples could be found of cities owning and operating retail stores, hotels, laundries, stone quarries, brick yards, ice factories, and what not. National Socialists reject such municipal socialism as practiced by their Social Democratic predecessors, and, during the past two years, have liquidated many competitive experiments. Hereafter, municipalities may not undertake new or enlarge old economic enterprises unless they are justified by their public purpose, unless they are within the capacity and probable needs of the *Gemeinde,* and unless they cannot be better and more economically performed in other ways. The law gives no positive definition of "economic undertaking" but states that the term does not apply to educational, health, and welfare institutions. Moreover, it is generally agreed that the water, gas, electricity, and transportation utilities meet the conditions laid down in the act. The only specific prohibition is against the establishment of municipal banks and even this does not apply to savings banks. Controversy has also raged as to the form of administering municipal undertakings. Should they be administered directly by the city or by a municipally-owned corporation? In the United States, under the New Deal, there has been an increased use of government-owned corporations for various recovery projects. In Germany, on the other hand, the framers of the *DGO* favor a flexible type of direct administration as being more in accordance with the leadership principle. Corporate administration was often resorted to in the past to avoid undue political interference from the city council, but now that the burgomaster is both legislature and executive, this argument no longer holds. However, the language of the *DGO* still leaves the choice of form to the discretion of the municipality.

---

[1] RGB1., I, p. 49.

American "yardsticks" such as the TVA have been criticized because of their alleged failure to keep accounts in such a way as to permit true comparisons with similar private enterprises. This criticism is not possible under the *DGO*. The law prescribes that the income of each undertaking shall at least cover all expenditures and make possible appropriate reserves. Under expenditures are included taxes (whether actually paid or which would have been paid if the enterprise were private), interest and amortization payments on loans incurred for the undertaking, and the cost of the services and supplies furnished to the enterprise by other municipal departments and undertakings. Consequently, if comparisons are desired, all the data are available. The act also stipulates that economic undertakings shall earn a profit for the municipal budget. In the depression, financial necessity forced municipal utility rates to high figures. It is the hope of National Socialists to reduce such rates so that they will yield only a fair profit to the municipalities.

DEBT PROVISIONS

German cities are burdened with a mountain of debt. When Hitler came to power, the floating debt in particular had reached almost unmanageable proportions. Under a national law of 1933, the municipal floating debt was largely consolidated into long-term obligations at a lower rate of interest. Nevertheless, the financial situation is still serious and for this reason the debt provisions of the *DGO* are severe. All loans (except temporary credits) require the approval of the higher state supervisory authorities and the consent of the national ministers of the interior and finance. A municipality may float loans only for extraordinary and imperative needs which cannot be met in any other way. It must demonstrate that the interest and amortization requirements involved are within its permanent capacity to carry. As evidence of capacity, the *Gemeinde* must normally make, before the adoption of the loan, an important contribution from the ordinary budget toward the project for which the loan is desired. Each loan must have an amortization plan. A recurring need financed by a loan must be amortized before the need recurs. The less the direct economic profit from the loan, the higher must be the regular amortization contributions. If a sinking fund rather than a serial loan is used, sinking fund payments must be periodically appropriated and maintained. Temporary credits may be employed only for ordinary budget expenditures and not for outlays called for in the extraordinary budget. They must not exceed the amount of such credits fixed in the budget ordinance and approved by the supervisory authorities, and only in exceptional cases may they be larger than one-sixth of the ordinary income of the *Gemeinde*. Temporary credits must be repaid within nine months from current revenues or other resources. The supervisory authorities shall approve temporary credits only if the need cannot be met by borrowing from the reserve funds of the municipality's own undertakings.

The budget year begins on April 1 which makes it uniform with that of the Reich and the states. Each *Gemeinde* must adopt a budget ordinance containing the budget plan, the municipal tax rates (the large sums turned over to municipalities by the national and state treasuries are not subject to local determination), the maximum amount of temporary credits, and the amount of loans for the outlays of the extraordinary budget. The budget is prepared and adopted by the burgomaster as the responsible leader after consultation with the municipal councillors, and is promulgated with due public notice. The budget must cover all foreseeable expenditures and revenues including deficits from the previous year which are to be offset by expected income. One month before the beginning of the fiscal year a copy of the budget ordinance must be sent to the supervisory authorities whose approval is necessary for the tax rates, temporary credits, and loans. The burgomaster must conduct the administration according to the budget ordinance. Other provisions of the *DGO* regulate the procedure to be followed if the budget is not promulgated before the opening of the fiscal year, the use of supplemental budgets, the permissibility of excess or unbudgeted expenses, etc.

AUDITING REGULATIONS

Under treasury, accounting, and auditing procedure, the most important provisions relate to auditing. City-counties (a term which covers practically all large and medium-sized cities) must establish an auditing office and other municipalities may do so if there is need. Within the first quarter of the new fiscal year, the burgomaster must report on the accounts of the previous year. His report is subject to three separate examinations—by the municipal councillors, by the auditing office, and finally, by the supervisory authorities whose approval is necessary to relieve the burgomaster from further responsibility for it. The auditing office examines the accounts to determine if the budget plan has been followed, the accounts properly kept, and the income and expenditure legally made. The burgomaster may also assign to the auditing office the current supervision of municipal accounts and supplies, the supervision of economic undertakings, and the examination of the entire administration from the standpoint of economy and efficiency. Moreover, the national ministers of the interior and finance are authorized to provide by decree for a thorough non-local examination of municipal budgets, treasuries, and accounts, and also of the general economy and efficiency of the administration. For this purpose, a special agency is to be created under the Minister of the Interior.

The unification of German municipal law cannot be fully accomplished overnight merely by the enactment of a single statute such as the *DGO*. Adjustments are necessary and are being made during the transition period and many details of the law must be supplied by decrees. The economic and financial standards of the municipal government act are high but, if Germany's recovery can continue, there is no doubt that municipalities will be able to comply with them.

Roger H. Wells

HOME RULE—OLD AND NEW

A successful study of constitutional problems of a country not one's own demands in every instance a consideration of the problems underlying them. Municipal functions especially have their own characteristics due to various governmental structures, historical development, philosophic, economic and social requirements. The fact alone that Germany, with sixty-five million people, covers a territory approximately equal only to three-fourths of Texas, causes many problems to have an entirely different aspect in that country than in the United States. In addition it should be kept in mind that the governmental structure of Germany including the position of the states and municipalities differs fundamentally today from the American constitution.

The German municipalities formerly occupied essentially the same position as their American sisters. They had administrative relations only with the states which at that time were bodies with authority of their own as the states here. Soon after the war, however, there began in Germany a development of direct administrative relations between the Reich and the municipalities similar to the development now going on here between the federal government at Washington and the cities throughout the country. Over there as here it was for the same reasons: economic depression, unemployment, and the fact that municipalities and states alone could not overcome the difficulties.

CENTRALIZATION OF GOVERNMENT

Since 1933 Germany has become a unitary state. All the governmental power has been centralized in Berlin. The states like Prussia, Bavaria, Saxony, etc., are now only administrative districts of the Reich, without any authority of their own. As far as the municipalities are concerned the consequence was that the lines of administrative relations now run from them up through the states and are extended to the Reich government in Berlin.

In the municipal field the most important result of the national centralization going on in Germany in recent years is the German "Communal Order" (*Deutsche Gemeindeordnung*) which has taken the place of some forty different organizational laws and settled all the important questions of communal organization alike in all communities, be it metropolis or small country town. Only the capital of Berlin has been excepted since this city with more than 4,250,000 inhabitants has many special problems. In spite of this simplification every German community has retained its own character and its own particular constitutional peculiarities. The Reich law is only basic, and each municipality fits its own requirements into this frame in the shape of local by-laws.

The new German Communal Order is the result of a long and interesting development. The first reason for alteration lay in the extreme differences in municipal laws, expressed in the laws of various parts of the country. Under these not only the population but also the administrative interchange suffered. Furthermore, there was the fact that reforms of these laws had been demanded for a long time, although the efforts of neither state nor communes were successful. The chief reason, however, was created by the reorganization of Germany, which in 1933 changed from the parliamentary democratic system to the leadership system.

In a leadership state there exists only one will from the highest to the lowest unit of the state structure. It can fittingly be defined in the phrase: Authority over the lower, responsibility to the higher. A leader state, furthermore, does not recognize any specific law-making organization; legislative and executive are no longer separate powers. For the new German leadership state it was impractical to retain the old form of municipal administration, which was also democratic-parliamentary. On the other hand, the National Socialist state did not want to lose municipal self-government. The task in preparing the reform law, therefore, was to find a synthesis of the leadership principle and home rule.

How the new German municipality

looks today has been explained in the previous articles. About fifty thousand communes are managed and administered on those principles. The most important changes are that the representative bodies which were formerly elected have now disappeared, and that the political direction is no longer fixed through public elections but by a local party representative. Many like to include also the appointment of the mayor and his deputies although formerly municipal officers were appointed in a very similar manner.

The reform of the foundation for the organization of German municipalities has raised the question as to whether there really is any self-government or self-administration left in the German communes. In our opinion it would be better to put the question this way: do the German municipalities still have individuality, or are they simply administrative units of the state, without any individuality? It might be quite interesting to mention at this point that a similar question came up when Germany was a democratic state. At that time it was said that in a democratic state a municipality was only another democratic unit and that there was no need for it. It had been recommended to dispense with the municipalities as individual administrative bodies and to embody them in the state administration.

At present the question will be answered in favor of individuality and *Selbstverwaltung,* and this can be proved by the fact that the spheres of activities of the German municipality are fundamentally unchanged. Now, as heretofore, the German municipality may undertake any and every functional activity, the carrying out of which it deems to be desirable for meeting local needs, provided such activity has not been reserved by legislation to some other public body. The state has reserved to itself only such public functions as must of necessity be discharged uniformly throughout the country. All other functions are left to the municipal authorities.

From the point of view that the municipalities do still enjoy individuality it is of great importance even now that there are voluntary self-government functions for the German communes on which no limit has been placed by the new law. The regulations made under the law point out that it is definitely left to the municipality to determine the nature and extent of any of its voluntary activities, having regard to local needs and to its ability to meet them, and bearing in mind the economic circumstances of its taxpaying inhabitants. Contrary to the American custom, no special legislation, either by state or municipality, is required if a municipality desires to take up new activities.

In addition to the fact that the German municipalities are entitled to decide what voluntary functions they will perform, it may be said that they discharge these functions on their own responsibility. They have to answer for the results of their administration. The state does not relieve them of this responsibility. Self-responsibility has to be increased and cultivated by all means.

CITIZEN PARTICIPATION

Coöperation of the citizens still exists also. It is provided for through the councillors as advisors. That they are appointed does not matter. The councillors are deciding factors in the making of the budget and in the accounting. The importance of their duties is much greater than before. It is the positive duty of these people to give their advice. Every councillor is duty bound to inform the mayor of his disagreement. They can no longer hide behind anonymous majority decisions.

In favor of individuality can be cited also the fact that state supervision is not unlimited but clearly defined by law. And the rule that new state duties can be imposed on municipalities only through new laws would not be necessary if the municipality were only remotely identical with the state or were a body without individuality.

In spite of all the fundamental changes German *Selbstverwaltung* has survived and is still alive. It can be said without doubt that it is regaining strength. Significant in this respect is the fact that the plan to transfer city officials at regular intervals from one place to another has failed, and that the local representative of the party is not an official of the municipality and does not participate in the making of the budget.

Municipal self-government, self-administration, and *Selbstverwaltung* are not fixed matters. They develop continually. Value and character depend entirely upon the state in whose framework the municipality is placed. History shows many cases where the fate of the state had an influence also on the municipalities. Ups and downs of the state are reflected in the progress or failure of its divisions. The Germans claim that the municipalities are the basis of the state structure and demand that these units move in the same political direction. The position of municipalities in Germany must therefore be considered from this point of view.

At present German municipal problems are still in a state of transition. If the volume of local self-government has been curtailed, it is a consequence of former over-emphasis of the idea. The fate of German local self-government depends entirely upon the German municipalities. How the mayors will use the powers delegated to them, and what status the municipal councillors will derive from their positions will be of decisive importance. It is the belief of outstanding representatives of German municipalities that the duties of local officials will be performed well. They do not worry about the fate of German *Selbstverwaltung* and even anticipate an increase in the liberties and rights of German municipalities.

Gotthilf Bronisch

LOCAL GOVERNMENT IN FRANCE

(Continued from Page 503)

of decentralization. The new regime is resolved to have done with the pseudo-equality which, for a hundred and fifty years, has stifled municipal initiative under a uniform organic regulation of local authorities. A special regime will undoubtedly be established for the cities and particularly for the great urban agglomerations, consisting of many communes, notably the Parisian region. A strong sentiment is also discernible for the abolition of rural communes whose resources are too small to permit of effective action. There are 38,000 communes in France, and over 31,000 of them have less than one thousand inhabitants! The rural communes will be grouped in an old administrative unit, the canton, which is at present without important functions, in a manner which will give the cantons life and importance.

France is also confronted with the same grave problems as America in the matter of public personnel. It is possible that in this regard the *Front Populaire* will be less meticulously observant of municipal liberties, now exercised entirely without restriction, and generally with little good sense, in the designation of local administrators.

In conclusion, France is at the beginning of a new and decisive struggle, not very different from that which is going on in almost every country of the world, against national centralization and for the increase of municipal responsibilities and municipal prerogatives.

The Italian Law on Communal and Provincial Government

A description of the act governing local authorities under Fascist rule

H. ARTHUR STEINER

University of California at Los Angeles

IN THE twelve years that have elapsed since the establishment of the Fascist régime in Italy, scores of orders and decrees affecting the organization of local government have been promulgated. So many have been these regulations and so fundamental the changes brought about by them, that some confusion had come to exist in the administration of the law. Recognizing the desirability of replacing the last formal law on local government[1] with a more modern equivalent, the Italian legislature in 1932 authorized the government to codify all of the legislation which had been issued since 1915.[2] From the text of this enabling act of 1932[3] it will be seen that the government was empowered to go beyond the mere act of codification to proclaim whatever modifications might be necessary. Hence the *legge comunale e provinciale* contained in the royal decree of March 3, 1934[4] is more than a simple compilation of recent ordinances; it is the authoritative basis from which all local government authorities derive their power.

The analysis which follows is intended to indicate the nature and scope of the law of 1934. This is an extensive document, prepared in the Ministry of the Interior, and officially known as a "law" although it takes the form of a decree issued under legislative authorization. It is a document of 427 articles which cover 120 pages of text in the *Bolletino Parlamentare.*[5]

In the new law are basically retained,

---

[1] The law of February 4, 1915, no 148.

[2] The law of March 31, 1932, no. 359.

[3] Its single article read as follows: "The Royal Government is authorized, with the consent of the Council of State, to modify, integrate, coördinate, and assemble in a single text the dispositions of the communal and provincial law of 4 February, 1915, no. 148, the Royal Decree of 30 December 1923, no. 2839, the succeeding laws which have modified them and other laws and dispositions issued up to 31 December 1931, pertaining to them." *Bolletino Parlamentare,* vol. VI, no. 1 (April 1932-X) 55-65, at 65. A general *legge comunale e provinciale* had also been adopted December 30, 1923, no. 2839.

[4] No. 383. Text in *Gazzetta Ufficiale* March 3, 1934; also in *Bolletino Parlamentare,* vol. VIII, no. 1 (April 1934-XII), pp. 27-146, inclusive.

[5] The scope of the new law is indicated in the following schedule of its contents: Articles 1-16, preliminary dispositions; chapter I, article 17-29, administrative areas, governmental authority, and organs of control over local affairs; chapter II, articles 30-110, the commune; chapter III, articles 111-155, the province; chapter IV, articles 156-172, the unions (*consorzi*) between the communes and provinces; chapter V, articles 173-250, the communal secretary and the employees and salariat of the communes, provinces, and *consorzi*; chapter VI, articles 251-265, responsibility of administrators and employees, and the administration of public funds; chapter VII, articles 266-343, dispositions common to the communal, provincial, and *consorzial* administrations; chapter VIII, articles 344-402, the government of Rome; chapter IX, articles 403-427, transitory and concluding dispositions.

if not amplified, the general regulations which have made Italy perhaps the most highly centralized of the unitary states. So vast is the authority and power of the central government over local affairs, and so few are the autonomous subjects of local jurisdiction, that it is almost misleading to say that the line of responsibility runs upward. It is more correct to say that the responsibility is concentrated at the top and that this responsibility is administered, under complete supervision, by subordinate agencies. This fundamental principle is reiterated constantly throughout the entire text of the law and is stated more concretely in several of the "preliminary dispositions." The Ministry of the Interior is given a virtual veto over all proposals, including those emanating from the central government authorities in Rome, affecting communal and provincial authorities;[6] legislative proposals purporting to impose financial obligations upon the communes and provinces require the approval of the Ministries of Interior and Finance;[7] no action of local authorities lacking competence is productive of legal effect in the absence of positive authorization;[8] and, except where the present law otherwise provides, recourse from the regulations of local authorities is permitted through hierarchical channels to superior authorities.[9] These and other provisions safeguard the structure of local government from impairment, whether by the action of other national authorities or by local authorities.

THE COMMUNES

In keeping with the progressive tendency, an effort is made to adapt the many communes of small population to a more effective solution of problems created by modern technology. Communes with a population of less than two thousand which lack facilities adequate for the public services may, when topographical conditions permit, be combined or added to the area of a larger commune. Upon suitable recommendation by the *podestà*, these combinations may subsequently be dissolved.[10] On the other hand, those communes which find themselves embarrassed by reason of increased population or economic development from accomplishing an efficient administration may petition for an increase in their area.[11] This may result in the absorption of neighboring communes, in whole or in part. The boundaries between communes may also be rectified when their present frontiers are not naturally marked or if they give rise to uncertainty.[12]

Decentralizing forces are also recognized. Those boroughs or fractional communes with a population of more than three thousand which are remote from the center of the commune may be constituted as separate communes if they are able to provide adequately for the public services. This may be done upon petition either by the borough interested or by the center (*capoluogo*) itself. Whether the borough will be given a separate status or added to an adjoining and more conveniently located commune depends upon circumstances.[13] All of the foregoing changes are authorized by royal decree-law, with the approval of the appropriate *podestà*, provincial rectory (*rettorato*) and the council of state. Interested persons are afforded an opportunity to protest, eventually to the Minister of the Interior, against these alterations.[14] From these and related provisions it may reasonably be inferred that the Fascist policy of reducing the number of communes has not reached its final stage.

---

[6] Article 1.

[7] Article 2.

[8] Article 4.

[9] Article 5.

[10] Article 30.

[11] Article 31.

[12] Article 32. A general power to alter communal boundaries had been given the government by the royal decree-law of March 17, 1927, no. 383 (converted into law, June 7, 1928, no. 1382). A simple list of the decrees issued under this law covers twenty-five pages in *La Legislazione Fascista* (1922-1928, I-VII), vol. I, pp. 226-251.

[13] Articles 33, 34

The *podestà*, often compared to the American city manager, continues to be the officer responsible for communal administration. The *podestà* is appointed by royal decree; the *vice-podestà*, where provision is made for him, is appointed by decree of the Minister of the Interior. Both serve for four years and may be reappointed.[15] Either may be suspended by the prefect for non-observance of official duties or for reasons of public urgency. For the same reasons either may be removed by the appointing authority. In no case may an appeal be taken from the action of suspension or removal.[16] Throughout the entire law liberal removal powers are granted, thus guaranteeing thorough administrative conformity.

With a few exceptions, prospective appointees to these positions must present diplomas attesting to their technical or magistral competence.[17] In addition to the customary disqualifications from the public service,[18] the office is declared incompatible with other specified public duties.[19] Of course, the *podestà* need not be a resident of the commune at the time of appointment.

Several communes with a population of less than ten thousand and situated within the same province may be placed under the same *podestà*, but no *podestà* may have charge of more than three such communes. *Vice-podestàs*[20] may be appointed, one each for communes having a population between twenty thousand and a hundred thousand, and two for communes in excess of a hundred thousand. A *vice-podestà* may also be appointed for communes of less than twenty thousand when these are either the chief places (*capoluoghi*) of the provinces or important public points or the centers of notable industrial or commercial activity.[21]

The dual nature of the functions performed by the *podestà* is succinctly expressed in article 50: "The *podestà* administers the commune and is an official of the government." As the communal administrator, he enjoys a variety of powers, including supervision of officials and employees, economic agreements, transactions, including communal contracts, regulation of communal property, hygiene, public buildings, and local police, and, in general, "all matters which are appropriate to the commune."[22] As an official of the government he is charged, subject to regulation of superior officers, with responsibility for maintaining the civil functions, keeping the necessary official registers, securing the public order, and, in general, "to discharge the duties confided in him by law."[23] A complete ordinance power to accomplish these objectives is granted to him, with provision for intervention on the part of the prefect if the *podestà* fails to take suitable action. Protests against these ordinances of the *podestà* or prefect may be carried to the provincial administrative *giunta*, in jurisdictional session.[24] Under specified circumstances, an appeal may be taken from the *giunta* to the Minister of the Interior.[25]

---

[14] Article 35.

[15] Article 42. The law of February 4, 1926, no. 273, originally fixed the term of the *podestà* at five years.

[16] Article 49.

[17] Article 43.

[18] Article 8.

[19] Article 44.

[20] Thus to pluralize the term "*podestà*" which is both the plural and singular form seems justifiable in the interest of clarity. On the origin of the term, see L. K. Born, "What is the Podestà?" in 21 *Amer. Pol. Sci. Rev.*, November 1927, pp. 863-871.

[21] Article 38.

[22] Article 53.

[23] Article 54.

Ten years ago the elective councils which formerly functioned within the communes were replaced by appointed councils. This appointive principle is retained in the new legislation with some clarification. Communes with a population of between ten thousand and a hundred thousand inhabitants are entitled to a council of between ten and twenty-four members; communes exceeding one hundred thousand in population have a council of between twenty-four and forty. Communes of less than ten thousand which happen to be the *capoluoghi* of provinces are regarded for this purpose as communes of that size. In the discretion of the prefect other communes of less than ten thousand may be given a council of six to ten members.[26] Within these limits, the prefect determines the exact size of the communal council, taking into consideration the value of the productive enterprises of the communes.[27]

The corporative principle which prevails on higher levels is especially adapted to the composition of the communal council. The larger economic enterprises of the commune (provided that they employ more than 1 per cent of the workers of the commune) enjoy a representation so regulated that each communal council will have in equal numbers representatives of the employers' and employees' syndical organizations. It is the responsibility of the prefect to determine which productive enterprises are to be represented, and to what extent.[28] From his judgment on this point, no appeal may be taken.[29] These details having been arranged, the prefect appoints the nominees of the legally recognized syndicalist organizations of employers and employees to the council for a term of four years, subject to reappointment.[30]

Several features emphasize the consultative character of the councils so selected. At all times, when necessitated by "grave reasons of an administrative character" or by the requirements of "public order," the councils may be suspended by the prefect or dissolved by the Minister of the Interior, subject to the single qualification that they must be reconstituted within one year.[31]

The deliberative functions of the communal council depend, in some measure, upon the population of the commune. For this purpose three classes of communes are recognized: (1) those having populations in excess of one hundred thousand;[32] (2) those having populations of between twenty thousand and one hundred thousand[33] (including smaller communes which are *capoluoghi* of provinces); and (3) those having populations of less than twenty thousand.[34] These distinctions are made with the primary purpose of granting councils in the smaller communes jurisdiction over lesser financial matters than would interest the larger councils. The important functions of the councils relate to the preparation of budgets, the imposition of local taxes, the acquisition of industrial shares and real estate, public loans and debt, and the regulation of public property; in other details the councils' functions relate to many of the subjects over which the *podestà* is given jurisdiction.[35]

Articles 84 through 96 relate to communal finance and accounting. The vital distinction here made is between the obligatory and optional expenses of the commune.[36] Obligatory are certain expenses pertaining to patrimonial burdens; general accounts (including, in the main, the general expense of maintaining the ordinary administrative establishment); local police, sanitation and hygiene; public security and justice; public works; national education; agriculture; relief and charity; *culto* ("cultural" establishments); and all other obligations which might be imposed by general law.[37] Other expenses are optional and depend on the will of the commune.[38]

---

[24] Article 55.
[25] Article 63.
[26] Article 39.
[27] Article 64.
[28] Article 65.
[29] Article 66.
[30] Article 67.
[31] Article 76.
[32] Article 79.
[33] Article 80.
[34] Article 81.
[35] Compare articles 79, 80, and 81 with article 53, *ante*, note 23.

THE PROVINCES

Within the provinces the chief instrumentalities of government consist of the prefect, the prefectoral council, the provincial administrative *giunta,* and the rectory. A brief inquiry into each must be made.

"The prefect is the highest authority of the state within the province. He is the direct representative of the executive power." Thus does article 19 describe the character of the prefectoral office, and the prefect continues, as in the past, to be the appointee of the Ministry of the Interior. He is not only the initiating, coördinating, and directive leader of the province, but is in addition the supervisor of the national government personnel within the province, except for the justice, war, marine, aeronautic, and railroad administrations.[39] In these affairs he is assisted by the vice-prefect.[40]

The prefectoral council consists of three members: the prefect, who presides, (or the vice-prefect in his place) and two councillors.[41] The powers of the council are defined by general laws, and ordinarily it advises the prefect before a variety of administrative ordinances issued by him are placed in effect.[42] As an administrative and appointive body, the council is not normally expected to restrain or check the prefect, in whom the final responsibility is vested.

More interesting is the rôle of the provincial administrative *giunta,* which will be simply described hereafter as the *giunta.* This body has a dual function—first, as an administrative body, and second, as a jurisdictional (quasi-judicial) body. As an administrative organization, it consists normally of nine members: the prefect who presides (or the vice-prefect in his place), the provincial inspector, the two members of the prefectoral council, all designated at the beginning of each year by the prefect, the financial head of the province, and four members appointed for four years by the secretary of the National Fascist Party from persons who are experts in judicial, administrative, and technical matters. This party representation requires the approval of the Minister of the Interior and affords a liaison agency to unite the party and the government. All of the foregoing are active members, in addition to whom provision is made for three alternate or deputy members, one designated by the prefect, two designated by the party secretariat.[43] The president and rectors of the province and the *podestàs* and members of the communal councils (among others) are not eligible for membership in the *giunta.*[44]

As a jurisdictional body, the *giunta* consists of the prefect, the two members of the prefectoral council, and the two senior members of the administrative body appointed by the party. Article 405, which contains these dispositions, modifies the former regulation of 1928.[45]

---

[36] Article 90.

[37] Article 91 lists a variety of particular items under each of these general classifications.

[38] Article 92.

[39] Article 19.

[40] Article 21.

[41] Article 23.

[42] Article 24.

[43] Article 25. The law of June 18, 1925, no. 1094, incorporated the first general Fascist revision of the provincial councils and *giunta.* The law of December 27, 1928, no. 3123, introduced the "party" element into the *giunta* for the first time.

[44] Article 26.

The administrative functions of the *giunta* consist primarily in the hearing of appeals from the actions of the local *podestàs* and councils and its approval is required for many of the decisions of the provincial rectory.

A provincial rectory[46] is created within each province to have general jurisdiction over those legislative matters which appertain to the province and which were, until their abolition ten years ago, within the jurisdiction of elective councils. The number of rectors varies with the size of the province: those provinces with populations in excess of six hundred thousand are given eight rectors in addition to the president; provinces of between three hundred thousand and six hundred thousand inhabitants have six rectors; the smaller provinces have but four. Two deputies are appointed in each province. All hold office for four years, subject to reappointment. Unlike the communal councils, the corporative principle does not apply. All appointments are made by the Minister of the Interior.[47]

The responsible head of the rectory is the president, whose appointment for a term of four years comes from the Crown by royal decree. These appointments may be revoked at any time.[48] A vice-president is also appointed in the same manner for each province.

Just as the communal council is dependent upon the *podestà* and higher authorities, so with the rectory. The rectory may be suspended by the prefect, provided that the matter be referred immediately to the Minister of the Interior.[49] The Minister of the Interior may dissolve the body at any time.[50] And, as with the case of suspended or dissolved communal councils, the provincial rectory must be reconstituted within one year.

The normal relationship between the prefect and the president and rectory is analogous to the relationship between the *podestà* and the communal council. One important difference is found in the absence of a communal officer comparable to the provincial president. This results from the fact that the *podestà* within the commune is both a national and a local officer, while in the case of the provinces, the prefect is primarily a national officer while the president is primarily a provincial or local officer. The president "represents the administration of the province,"[51] and as such signs the acts of the provincial administration, prepares its annual budget, and directs the administrative officers and public institutions and instrumentalities of the province.[52] Essentially, he relieves the prefect of the bulk of the administrative routine, but it can hardly be said that he enjoys unlimited authority in this connection.

A precise enumeration of the powers of the rectory appears in article 135. The bulk of the deliberations of the rectory in connection with financial matters are subjected to the approval of the *giunta*.[53] A delimitation between the powers of the *giunta* and the rectory is not precisely nor clearly made. The apparent object of the system of cross-reference is to maintain a unity of policy within the province. Consequently, in spite of this apparent diversity of institutions and the enumeration of special jurisdictions between the *giunta* and the rectory, there is assured responsible supervision over all provincial functions by the prefect and the *giunta.*

---

[45] Article 4 of the law of December 27, 1928, no. 3123, is set aside by this new regulation.

[46] *Rettorato* is the official designation; "Rectory" seems a suitable English equivalent. The first general law on the subject was that of December 27, 1928, no. 2962.

[47] Article 115.

[48] Article 113.

[49] Article 124.

[50] Article 125.

[51] Article 133.

[52] This is a general statement based upon an enumeration of 17 powers contained in article 133.

[53] Article 149.

THE CONSORZI

Provision for the creation of joint administrations goes much further in Italian practice than in other countries, and this constitutes a highly significant aspect of the local government system. In the case of Italy *consorzi* or "unions"[54] may be created as between communes, communes and provinces, and provinces. "The communes have the option of uniting themselves in *consorzi* between themselves or with the province to provide for a specified service or work of common interest."[55] These *consorzi,* which are public corporations, have special constitutions which, in the case of communes within the same province, are contained in a decree of the prefect, issued with the approval of the *giunta.* Where the communes interested appertain to two or more provinces, the constitution is issued by the Minister of the Interior, with the approval of the *giuntas* within the provinces affected.[56] While these *consorzi* may be purely voluntary, they may also be imposed by law and made obligatory. The constitution, or statute, of each *consorzi* indicates its scope, and specifies the organs which represent it and their attributes.[57] As between the provinces, the *consorzi* are created by the Minister of the Interior, upon the advice of the ministry primarily affected and of the provincial *giuntas* within the provinces concerned.[58] The constitutions and the instrumentalities of the inter-provincial *consorzi* correspond generally to those of inter-communal *consorzi.* The final abolition, of the sub-prefectures by the law of January 2, 1927, created a gap in the administrative system which is filled in part by the corporative facilities created by the *consorzi.*

Each *consorzi* thus created has an assembly (*assemblea consorziale*), a directive council (*consiglio direttivo*) and a president.[59] The representatives of the various members in the organs of the *consorzi* are nominated for the communes by the *podestà,* for the provinces by the rectory. Such representatives must satisfy the requirements for appointment as a member of a communal council.[60] The assembly appoints a secretary, whose functions are primarily administrative. However, if the combined units agree, the work of the consorzial secretariat may be performed by the provincial secretary or by other designated officers in the provincial or communal administration. Normally, the *consorzi* function for a period of four years, although the term may be shortened or lengthened in the discretion of the constituent authority.[61] The same authority may alter their constitutions or dissolve them entirely.[62]

As regards the functions, deliberations, financial control, and governmental supervision of the *consorzi,* they are assimilated to the commune or province. If a province is a member of one of the *consorzi,* the norms which govern its affairs are those which apply to the provinces. Where merely communes participate in the *consorzi,* the norms which govern are those which apply to the member-commune with the largest population, or, if one of the member-communes is the *capoluogo* of the province, the norms which govern its affairs. Governmental supervision and control are exercised chiefly by the prefect, the *giunta,* and the prefectural council of the province in which the headquarters of the *consorzio* are located.[63] General principles having been established in this manner, the law of 1934 is not greatly concerned with the specification of administrative details. A few technical particulars are specified, however, in Articles 160, 167, 168 and 170-172, but an enumeration of them is not essential in this survey.

---

[54] Since these *consorzi* are *sui generis,* no effort has been made to find an English equivalent for the term.

[55] Article 156.

[56] Ibid.

[57] Article 158.

[58] Article 169.

[59] Article 159.

[60] Article 161.

[61] Article 163.

[62] Article 166.

ROME

Although the special régime for Naples is abolished,[64] the peculiar and characteristic administration of Rome is retained.[65] The principles governing communal functions apply to Rome. There may, however, be incorporated within the jurisdiction of the government of the city of Rome, the functions of certain state or provincial administrations or other public bodies which are of particular interest to the city.[66] The governing instrumentalities of Rome consist of the governor, the vice-governor, and a council of Rome of twelve members. The chief administrative officer is a secretary-general.[67] The governor, vice-governor, and secretary-general are appointed by royal decree, upon nomination by the Minister of the Interior, after consultation with the council of ministers.[68] The powers and functions of the governor correspond to those of a *podestà.* The council is appointed by the Minister of the Interior, in concert with the corporations.

ADMINISTRATIVE PERSONNEL

A statute on local government would be incomplete without an adequate provision for the civil service. This is the prime purpose of chapter V (articles 173-250), which prescribes in some detail the requirements for admission into the service as it affects local government and which provides for a classification of the civil service personnel. Chapter VI (articles 251-265) governs the financial responsibility of administrator and prescribes penal sanctions for malfeasance or delinquency. Chapter VII (articles 266-343) does not affect the civil service as directly as do the two preceding chapters, yet in the precise provisions governing administrative areas, the procedure of deliberations in the communes, *consorzi,* and provinces, and matters of accountancy, there are numerous sections relating to the public personnel.

CONCLUSION

In conclusion, the prevailing tendencies of the law of 1934 may be briefly summarized: (1) The implicit negation of democratic institutions; (2) the increasing emphasis laid upon the authority and control of the administrative bureaucracy; (3) the broadening of the local government base primarily through the *consorzi*; (4) the integration of the Fascist party organization into the local government structure (especially in the constitution of the *giunta*); and (5) the adoption in part of the corporate principle—all of these characterize the Fascist system and distinguish it from the systems prevailing elsewhere. Fascist Italy is, in this respect, a laboratory of political experiment and these significant tendencies, with their subsequent development, will be closely observed abroad.

---

[63] Article 165.
[64] Article 415.
[65] Articles 344-402, which constitute chapter VIII of the law.
[66] Article 344.
[67] Article 346.
[68] Article 348.

Local Government in Scandinavia

Public ownership and social services have long been the concern of municipalities in Scandinavian countries

ROY V. PEEL

New York University

Introductory Note:—The local government of the Scandinavian countries would ordinarily include Finland as well as Sweden, Norway, and Denmark. Because of the limitations of space Finland will be excluded from this article, but since Finnish political development was greatly influenced by Swedish forces through centuries of association, what is true of Swedish local government as a rule holds good for Finland as well. Iceland is also politically and culturally Scandinavian, but it is omitted here because it has proceeded along such dissimiliar lines as to render generalizations more complex than its importance warrants.

All three northern nations are intensely democratic in their traditions, despite the fact that the Scandinavian states are still nominally "ruled" by kings. Other points of similarity in all three countries are: (1) A limited range of natural resources for economic exploitation; (2) a uniformly high standard of living; (3) a habit of relying upon expert knowledge and competence in administration; (4) an advanced program of public welfare; and (5) a highly satisfactory adjustment of governmental activities to economic resources and social needs. It also happens that most of the local governmental units in the north are at the present time dominated by the Social-Democratic party.[1] The further circumstance that the vast majority of all citizens in these three nations are Lutheran in religion may contribute to the basic uniformity in their habits of thought. Certainly the fact that local government officials in all three countries read and understand the languages used by their colleagues in each of the other nations makes possible the continuous exchange of information and opinion pertaining to local government.

SWEDEN

Local government in Sweden is exercised on three main levels. At the top come the counties and the county departments. Next come the cities, towns, and villages, and on the third level, the parishes, hundreds, and special districts. The legal basis for communal (local) government is in most cases found in general laws, the more important of which were passed in 1919, 1921, 1930, and 1934.

In the earliest times, hundreds of years ago, the freemen managed local affairs in village meetings and shire-moots. These same agencies, only slightly altered through the passage of the years, exist today in the municipal assemblies, city councils, county councils, and special district and parish meetings. Of such determinative (or deliberative) organs there are two kinds. The first and older of the two is that which is composed of all the citizens of the area. Like the English parish meeting or the New England town meeting, it is democracy in its pure form, a form not suited to all the demands of modern government, and hence employed only on few occasions and for limited purposes. Of the representative type of determinative organ, the city council (*stadsfullmäktige*) for the cities, and the communal council (*kommunalfullmäktige*) for the smaller communes, are the chief agencies for the determination of public policy. Within the boundaries set by the communal laws, and such other laws as apply to communes, the councils are *sovereign*, subject only to such restraints as will presently be described.

---

[1] Since this paragraph was written, the Social Democratic government of Sweden has given way to the Farmers' party, which, except on the question of defense, is nearly as far to the left as the Social Democrats.

The parish, once the basic unit for governmental purposes, is now hardly more than an administrative area. Its most significant function is that which it exercises in connection with the annual census or registration. Each year, from November 15 to the first day of the following year, every person in Sweden is registered by agents of the Crown in the parish (or parish-district) where he resides. The census list is then fixed for the year, but another list is kept continuously up to date by the parish officers. Since registration is essential to the enjoyment of legal rights and privileges by all residents of Sweden (foreigners included), this work must be done with great care.

Registration does not carry with it the right to vote; only Swedish citizens own this privilege. The suffrage qualifications for local elections are nearly the same as those for national elections. In addition to the qualifications just named (citizenship, registration) a communal elector must have attained the age of twenty-three during the previous calendar year (twenty-one for county council elections) and must not be subject to those disabilities with which students of American elections are familiar.[2]

The size of the council varies from fifteen to sixty. In Stockholm, which is governed under special laws, there are "one hundred tyrants," a sentimental designation for the councilmen which has solely historical significance. Laws are debated and passed by the councils after they have been ground through a preliminary legislative mill consisting of departmental committees, mixed committees, composed of administrators, councilmen and laymen, and council committees. The smaller the council, the more directly it influences the legislative process. Debate in the larger city councils has a "cushioning" or "exhaust" rather than expert function.

LOCAL ORGANIZATION

The administrative structure of Swedish communes consists of governing boards, administrative boards, and committees; department heads, officials and civil servants; and casual officials, committeemen and other workers.

In the smaller communes the chief agency is the communal administrative board. In all local jurisdictions there are special boards—poor relief, fire protection, health, folk schools, etc. Urban districts are managed by an urban governing board, but in the larger municipalities (cities) the finance chamber (*drätselkammare*) is the executive agency.

Stockholm entrusts its administration to a city executive council composed of eighteen members. All proposals originating with or returned from the administrative departments must be ratified by this council before they pass to the larger assembly for final action. Its functions are somewhat similar to those of New York's board of estimate and apportionment, although it is obviously organized on an entirely different basis.

---

[2] A Swedish communal elector takes no literary test, since all persons not otherwise disqualified are literate. There is no longer a property qualification, but no elector may be three years behind in his taxes or owe for any two years (or, in Stockholm, any *one* year).

Subordinate to the above-named directing or governing boards, there are administrative boards in each department which have some quasi-legislative and even quasi-judicial functions. Actual management is always entrusted to a department head or director, who is, in turn, assisted by bureau chiefs, field engineers, and such other administrative assistants as the work requires.

The most powerful members of the Stockholm executive council are the six "civic councillors" or division directors, each of whom has an administrative division (*rotel*) under his supervision. These councillors are also, at the present time, members of the legislative city council and they are *ex officio,* members of all boards in the departments under their jurisdiction. There is not complete satisfaction with this set-up, inasmuch as authority and responsibility are diffused through so many different bodies and persons. However, the civic councillors are all men of considerable ability—two have international reputations—and they are the actual as well as the nominal managers of the local government of Stockholm.

PUBLIC OWNERSHIP

Most of Sweden's public utilities are publicly-owned. In Stockholm the water, gas, and electric works come under the supervision of the councillor of the industrial division; the street railway system is operated by a corporation owned by the municipal government, and it is directly accountable to the city council. The city also participates in the direction of *A/B Stockholm Systemet,* the local liquor monopoly corporation.

All Swedish cities and communes operate on the basis of an annual budget, and in all of them there are annually selected auditors who, with the help of a small permanent staff, continually examine the accounts of all departments and make annual reports. The civil service is classified and permanent, with the exception of higher officials, members of boards, and the like. As a matter of practice, even the latter are, to a large extent, permanent and professional, or semi-professional.

All officials are jointly and severally responsible and accountable, although no criminal action can be taken unless there is loss to the commune or indisputable evidence of impropriety. Appeals from acts of either determinative or executive and administrative officials may be taken to the county governing boards (or the high governor in Stockholm) and eventually to the Supreme Administrative Court.

The smaller towns are called "bailiff-cities"; in these the mayor is the chief administrative officer, as he is also, but with slightly circumscribed powers, in the next larger group, called magistrate cities, where the magistracy consists of the mayor and the two assistant magistrates. In all cases the mayor is entrusted with judicial functions, but in the class of cities just named he is the administrative representative of the Crown, and as such he controls the police and, with his colleagues, supervises municipal expenditures. The mayor of Stockholm, on the other hand, is exclusively a judicial officer[3]; there, the control over the police, registration, and taxation, and the exercise of the general supervisory powers of the Crown lie with the high governor.

State control over the acts of communal governments consists of three types: (1) direct control, such as ratification of various acts; (2) the right of review, involving the suspension or nullification of acts of local officials, and (3) supervision, including the powers of mandamus, injunctions, and the withholding or withdrawing of state subventions.

---

[3] The Magistracy of Stockholm has one administrative function—elections.

No complete survey of Swedish local government is possible here, but one cannot leave the subject without calling attention to the excellence of the system. Elections are uniformly held on the basis of proportional representation, which insures public satisfaction with the representative character of all legislative and quasi-legislative bodies. Traditions of integrity and efficiency in public office guarantee that the men who administer the clear-cut and logically-constructed administrative system sketched above will do their job well, without fear or favor. The control system is particularly effective. It consists of fixed routines, counter-signatures involving joint responsibility for quantity and quality of supplies and materials, verity of accounts, accuracy of texts of documents, actual deposit of valuable papers, reasonableness of charges, etc.—and double locks on vaults. Two years ago the writer would have praised the auditing system, but recent disclosures of irregularities have demonstrated the need for improvement here. One might also call attention to the need for more adequate bonding of officials entrusted with public funds, and one might suggest that distinct gains would result from the introduction of unit-cost accounting. There are complaints of high taxes and tax inequalities, of low salaries for public servants and of occasional impositions on the public. Nevertheless, the final verdict on Sweden's local government is that it is ingeniously constructed, intelligently directed, and ably administered.

NORWAY

Less is known about the early history of Norwegian local government, but its general forms were probably the same as those of Sweden. Norway subsists on shipping and fishing more than on agriculture and industry, a circumstance that has greatly influenced the political development of the commune. During the period of Danish rule the towns and parishes were governed by magistrates and bailiffs. Communal self-government was not won until 1837, when the present system was inaugurated. Other basic acts were passed in 1845, 1860-89, 1897, and 1921.

The chief areas for local government are the counties, the cities, the parishes, and the "hundreds" (or cantons). As in Sweden, there are also special districts, such as highway districts, ports, and the like. The county governments correspond to the Swedish counties and county departments, but in Norway the seaports, which are very numerous, constitute a separate class of cities. Cantons occupy a position midway between county and parish, and are chiefly administrative units, in this respect differing markedly from the Swedish "hundreds," which are now solely judicial districts. The state laws governing cities and cantons apply to all sizes of units in each class. Thus, the smallest seaport has the same general type of government as Oslo, the capital.

The councils in all are elected for three years (four in Sweden), and they in turn choose the executive council from among one-fourth of their members. In the cities the executive councils gradually assumed the leading position, becoming a determinative as well as an executive organ, while in the cantons the tendency was just the reverse. This development was legalized in 1921. The chief executive officer is the president, except in those communes which have adopted the optional provisions for mayors whose duties vary from place to place with the exception that financial control is uniformly entrusted to them.

Norway is not a rich land and it has not been able to carry out as complete a social program as its sister state. There are, however, many private agencies for the care of the unfortunate which supplement state and communal welfare activities.

Control by state-appointed authorities over local government is weakest in Norway of all the northern states, yet even here all positive acts of canton councils require the ratification of the county governor. His veto may be overridden by a two-thirds vote, but failing that, the law is valid unless the minority appeal to the Crown. Certain financial measures, such as new loans, require the approbation of the Crown. A few years ago many of the towns found themselves in severe financial straits, and there was set up a municipal debt office, whose chief acts as mediator between the towns and their creditors. Through the agency of this office, which combines research with supervisory and arbitral functions, the local finances are being put on a very sound basis. The state power over communities is slowly expanding, to an extent often dependent upon the personality of the officials concerned. As a rule, the county governor merely acts as an agent of the Crown in the cities. But he, too, sometimes stretches his instructions.

The government of the larger cities is somewhat indistinct and blurred. Legislative power is nominally in the hands of the councilmen, several of whom serve on quasi-administrative committees. Oslo has twenty-one executive councilmen who are supposed to oversee the administration of the various departments distributed under them; but the actual management of the city's affairs rests with the mayor and the seven appointed councillors. The civil service is permanent and professional, elections are conducted on the basis of P. R., and, as elsewhere in the north, local government operates without much complaint from the governed.

DENMARK

Of the 1393 communes in Denmark, 88 are municipal: 2 markets, 5 boroughs, 80 towns, and the city of Copenhagen. The total number of communes is reached by adding the 13 town-rural districts and the 1292 parishes. Not included here are the small islands, Greenland, the Faroe Islands—or Iceland, which, as noted above, is a semi-autonomous nation with a distinctive local government. An intermediate unit between parishes and state is the county, at the head of which is the governor, or *Amtmand*, whose duties are nominally to "superintend the working of the law, supervise the subordinate officials, and participate in the local administration."

Historically, local government in Denmark traces its origins to the stone age, but again, as in the rest of Scandinavia, the controlling legislation is of recent date, *viz.*, 1857, 1867-8, 1908-19, and 1933. The distinguishing features of Danish local government are, first, the vast range of social welfare legislation which is administered, in whole or in part, by the communes, and, secondly, the extensive control exercised by the state over local authorities. State supervision is effected through the Ministry of the Interior, chiefly, and through the Public Works, Agriculture, Shipping and Fisheries, Trade, and Social Ministries. Certain powers are entrusted to seven other ministries.

Legislative power in the towns is held

by the councils, which vary in size from seven to twenty-five members. The chief executives are the mayors. In the rural parishes there exist, similarly, councils and presidents, the latter—that is the parishes—possessing the usual municipal powers appropriate to their size and needs except with regard to finances and public property, where the county council may veto local action.

Copenhagen, with a population of nearly 800,000, is the metropolis of the north. The natural advantage of its strategic location is great, but foreign tariffs and its own defensive import and exchange restrictions conspire to rob it of much of this advantage. Still, it is large, fairly prosperous, solidly built, and extraordinarily well governed.

General supervision over all local administration is exercised by the over-president, a state official. He has the right of review of local legislative action and certain suspensory and removal powers over civil servants.[4] The council, or representation of citizens, is the legislative body of Copenhagen. Executive power is lodged with the magistracy, composed of five councilmen and five mayors, or burgomasters. Each of the latter administers a division. The principle ruling the distribution of departments under the five divisions is not very clear, as is the case in most cities. However, the burgomasters are not overburdened with heavy details since each is ably assisted by competent under-secretaries. Besides the departments, there are seventy-four corporations or institutions or other enterprises which are regulated by committees on which the municipality is represented.

The quality of the civil service in Copenhagen, as well as in the rural communes, is very high. Ordinary problems are solved with efficiency and dispatch. The most serious difficulties are encountered in the fields of ports and planning. Planning especially is made difficult by the circumstance that Fredriksberg exists as an enclave lying in the heart of Copenhagen with a tax rate of its own, separate courts, separate public utilities, and a separate administration.

SUMMARY

Although there are obvious departures from the general pattern of local governmental structures here and there throughout Scandinavia, especially in the field of administrative organization, the three countries surveyed above have developed systems remarkably alike. All local governmental units are self-governed through the agency of legislative bodies elected according to the principles of proportional representation. In every jurisdiction there are governing boards, which in all larger cities and in many of the smaller ones exercise chiefly directory and advisory functions. Nearly all departments, separate enterprises or units of work are governed by administrative boards, with the actual management of routine left to directors, department heads, and other types of single executives. State control is almost uniformly exercised through the intermediate county officials, and it consists of the power to validate acts relating to financial measures and community property, the power to suspend or annul unconstitutional acts or acts violative of private rights, and the power to withhold state subventions.

Citizens are usually required by law to accept public offices proffered them, but even without such compulsion the public service attracts able men. The only instances of fraud uncovered in the past year have been due to exceptional causes, such as would be impossible to attribute to the system itself. It is, perhaps, characteristic of the northern countries, where public trustworthiness is proverbial, that reliance on integrity is universally buttressed by numerous controls. Charges of political favoritism and political persecution have been made, often without much justification, but with the effect of preventing gross abuses. Since there is no restriction on the holding of dual positions in different levels of government, one might expect to find a certain confusion in motivation. The free press serves as a corrective of abuses which might arise in this system.

---

[4] In practice, local administrative units work directly with the appropriate national units, with only perfunctory supervision by the over-president.

Nearly all modern administrative practices which are favored by political scientists are in force in the northern countries. Accounts are faithfully kept and rigorously controlled. Except in a few instances, where there has not yet arisen any serious demand for reorganization, determinative and administrative responsibility is definitely fixed. About the only approved American administrative practice which has not won support in Scandinavia is centralized purchasing, but even in this case informal pooling of purchases has taken place.

The range of communal functions is very wide. Social welfare, housing, beaches, water supply, gas, electricity, tramways, busses—all of these services have been for many years municipal concerns. Today, the exponents of private enterprise fear that there will be no end to the demand for more public ownership. Oslo owns and operates moving-picture theatres, Gothenburg shares in the ownership of a railroad, Copenhagen builds houses for the poor. The march toward municipal socialism seems irresistible. Whether the success of such communally-owned enterprises in Scandinavia, or, indeed, whether the success of local government in itself is due to the governmental structure or to the administrative practices followed are questions which deserve more attention than can be given here. But there is no doubt that the high level of public intelligence among the homogeneous peoples of Scandinavia and their well managed national economy offer exceptionally favorable conditions for effective local public administration.

INTERNATIONAL PLANNING

(Continued from Page 482)

in, or impinge upon, the field of public administration. Six national directories, modeled closely upon the lines of the Public Administration Clearing House's directory of American organizations, have likewise been undertaken in the several countries by members of the Committee, and are in various stages of completion.

The Union and the Institute propose to hold overlapping conferences in Paris in 1937 for the further exploration of inter-organizational coöperation, particularly as concerns the specialist and technical groups, on both the national and international level.

It would seem that a fairly sound foundation has been laid for the effective coöperation of the various agencies which may contribute to better international clearance of information concerning experience and the results of research. If the peace is kept, it is not unreasonable to hope that the next few years will produce clear indications of the practicability of such coöperation in the present international situation. The work has been planned; it now remains for the plan to be worked.

Correction.—In the table of bonded debt of 283 cities, published in the June REVIEW, we wish to call our readers' attention to the fact that Springfield, Illinois, should have been credited with the lowest per capita tax-supported debt. The city's net figure is only $9.06, and through the misplacing of a decimal point was incorrectly reported $90.56. Thus, Springfield is entitled to the same position in the 1936 tabulation as in the 1935 table.

The Proposed New York City Charter

Revised charter will be submitted to popular referendum on November 3

LAURENCE ARNOLD TANZER

Associate Counsel, New York City Charter Revision Commission

REVISION of the charter of the city of New York, long recognized as necessary, was directed by an act of the legislature passed in May 1934 appointing a commission of twenty-eight members, named in the act, to draft a new charter. The membership of that commission was equally balanced as between the two principal political parties, with the addition of individuals committed in advance to specific theories of charter revision. The mixture of politics and of fixed ideas was too much for the commission, and it broke up in a row. The legislature passed another act in August 1934 repealing the former act and providing for the appointment by the mayor of the city of a commission of nine members.

Mayor LaGuardia, after due deliberation, appointed on January 12, 1935, the present commission, with Thomas D. Thacher, former United States district judge and solicitor general, as chairman. The commission, after preliminary public hearings in February 1935, proceeded with the study of the city government and preparation of a new charter. A preliminary draft, accompanied by an explanatory report, was published April 27, 1936. Public hearings were held in all the boroughs of the city in May. Since that time the commission has been devoting itself to the revision and completion of the draft in the light of discussion and criticism. The completed draft was filed on August 17. It will be submitted to the voters of the city at the general election in November. If adopted by majority of those voting thereon, it will take effect by the election in November 1937 of the first city administration under its provisions, to take office January 1, 1938.

The commission was confronted at the outset by the state of confusion and complication of the law relating to the city. The first charter of Greater New York, adopted in 1897, revised in 1901 and still in effect, combined numerous municipalities into one city, but failed to codify the then existing body of law governing them, repealing only so much thereof as was inconsistent with the provisions of the new charter. Since the consolidation act passed in 1882, there has been no codification of the law of the city. The need of such a codification, to collate, reconcile, and simplify the provisions of the Greater New York charter and of its many amendments, of the consolidation act and other prior unrepealed legislation, of the thousands of general and special acts of the legislature affecting the city, as well as of local laws, ordinances, rules and regulations, was recognized by the commission. An appropriation has been made by the city for this work, which is now well under way; and an act of the legislature adopted in May 1936 provides for its completion in the form of an administrative code to harmonize with the proposed charter if adopted, or failing its adoption for a complete restatement of the existing law of the city to be submitted to the legislature.

By this provision for an administrative code the commission has been left free to concentrate on its chief task of proposing for adoption by the voters a short and simplified charter, to be in effect a constitution for the city, setting forth the frame of the city government, the distribution of powers among the several agencies of that government, and the fundamental conditions and limitations upon their exercise. There will be reserved for the administrative code matters contained in the present charter and in other state and local laws which the commission did not regard as proper for inclusion in the charter, as well as matters regulated by state law, such as education, civil service, taxation, and judicial procedure.

MANAGER PLAN CONSIDERED

In considering the frame of the city government, the commission started without any preconceived theories, but studied the problem objectively with a view to proposing such changes as seemed necessary and of retaining those features which in practice have proved satisfactory. The only radical change pressed upon the commission, the substitution of the city manager form of government for the modified mayor and council plan now in force, was not considered practical. Its efficacy in the city of New York would, even in the opinion of its proponents, depend largely on the adoption of proportional representation for the election of the council and the statute creating the commission permitted the submission of a proposal for proportional representation only as a separate question. The commission, while submitting separately the question of electing the council by proportional representation, was therefore compelled to submit a charter which would work even if proportional representation were not adopted. Since under the alternative method of plurality voting now prevailing, the Democratic party, casting 66 per cent of the votes, elects 95 per cent of the board of aldermen, the adoption of the city manager plan without proportional representation would result in the negation of the principle of a nonpartisan business administration which is the life of the plan by subjecting the city government to the complete control of the dominant political party. The charter leaves the way open for the adoption of the city manager plan if desired by the people at some future time, by means of the initiative mentioned below.

The proposed charter retains the elected mayor as the executive head of the city government. It authorizes him to appoint a deputy mayor, to whom he may delegate any of his powers excepting the powers of appointment or removal, of acting on local legislation, or of holding hearings which the mayor is required to hold personally.

The board of estimate and apportionment, a body peculiar to New York, consisting of three city-wide elected officials—the mayor, the comptroller, and the president of the board of aldermen—and of the presidents of the five boroughs, has proved efficient as a body for determining the city's business policies and has earned popular confidence. It is continued, with the same distribution of votes as at present, assuring the three city-wide members a majority over the five borough presidents. It takes over as well the principal functions of the sinking fund commission, at present composed of the mayor, the comptroller, the president of the board of aldermen, the chamberlain, and the chairman of the finance committee of the board of aldermen.

The board of aldermen, of sixty-five members, has not proved so successful in operation. Its membership, the commission found, is too large and elected from districts too small. It is to be replaced by a much smaller council elected, if proportional representation is adopted, from each borough as a separate district by a quota of seventy-five thousand votes; if not, by senate districts, with provision for additional councilmen at large in the boroughs of the Bronx, Brooklyn, and Queens to redress their under-representation until the present inadequate arrangement of districts is replaced by a reapportionment as required by the state constitution. The council is given greater importance by abolishing the present bicameral system requiring concurrent action of the board of aldermen and the board of estimate on local laws, and establishing the council as the legislative body of the city, with sole power to initiate local laws, and requiring the concurrence of the board of estimate in such local laws only as affect the administration of the city government or amend the charter. The charter makes effective the separation between the legislative functions of the council and the administrative functions of the board of estimate by vesting in the latter some administrative duties now vested in the board of aldermen, such as that of fixing municipal salaries.

BOROUGH AUTONOMY

The problem of borough government, always in the history of the city the most controversial question, has been met by the commission objectively, with a view to proper recognition of the centrifugal as well as of the centripetal forces. Representation of all sections of the city in the central government is secured by the provisions for borough or district representation in the council, and by continuing the membership and voting power of the elective borough presidents in the board of estimate. Local autonomy is preserved by continuing the existing system of local improvement boards and by retaining the power of the borough presidents over street and sewer improvements paid for by assessment on the property benefited.

On the other hand, the charter, as a measure of economy and efficiency, abolishes the separate engineering offices now maintained in each of the five boroughs for constructing public buildings, and creates a central department of public works to take over not only the construction of bridges now under the department of plant and structures, but also all other public construction excepting subways, docks, parks, water supply, and school buildings entrusted to special authorities, as well as the maintenance of public buildings excepting those charged with a special use like schools, hospitals, prisons, public health stations, police stations, fire houses, and incinerators.

One other function is taken away from the borough presidents. The confusing division of the function of supervising private building and housing, between five borough superintendents of buildings appointed by the borough presidents, a board of buildings composed of those five, a central fire department, a central tenement house department, and a central board of standards and appeals, is to be ended by the creation of a central department of housing and buildings, headed by a commissioner who will appoint a deputy as head of a separate division of housing to enforce the laws relating to the occupation of dwellings, and a superintendent for each borough who will have final authority to pass on building plans in his borough. Appeals from a superintendent will lie not to the commissioner, but only to the board of standards and appeals, which alone will have power to grant permissible variances in the law.

Perhaps the most important provisions of the charter are those relating to city planning. The need of systematic planning for the city has long been recognized. The charter provides for a city planning commission to consist of the chief engineer of the board of estimate and six other members to be appointed by the mayor for overlapping eight-year terms. This non-political commission is to prepare a master plan and report on all projected improvements; but it will be only advisory, power of final decision being in the board of estimate, which, however, can overrule the city planning commission only by three-fourths vote. Correlation of financing for permanent improvements will be secured by a six-year capital program to be adopted by the city planning commission and an annual capital budget to be prepared by it, adopted by the board of estimate and approved by the council. The city planning commission will be the guardian of the city map, and will relieve the board of estimate of the duty of holding hearings on zoning changes.

FISCAL PROVISIONS

The charter contains a number of fiscal and other provisions looking toward simplified and improved procedure in the interest of efficiency and economy, of which limitations of space prevent more than mere mention. The city's fiscal year will run from July 1 to June 30 instead of the calendar year, corresponding to the fiscal years of state and nation, reducing borrowing charges, and throwing the budget period into the spring instead of just before election. The executive budget is retained, to be prepared by the director of the budget under the mayor, adopted by the board of estimate, and approved by the council as now, with provision for including recurrent expenditures heretofore met by borrowing. Property owners are protected against excessive assessments by requiring the cost of an improvement in excess of 10 per cent over the original estimate to be borne by the borough or the city. A pay-as-you-go system, gradually effective over a period of years, will guard against undue piling up of long term debt for recurrent annual improvements. The auditing function of the elective comptroller is strengthened by enlarging his power of investigation and relieving him of the ministerial functions of collecting and safe-keeping the city's funds, which are transferred to a treasurer appointed by the mayor. The executive direction of tax collections now vested in a seven-membered board of taxes and assessments is vested in a single head, the president of the tax commission, with the assistance, if called upon, of the other members of the tax commission, otherwise charged only with the duty of reviewing tax assessments.

The charter will be a home rule charter. It will be adopted, if at all, by the votes of the people of the city. The matters with which it deals will be subject to amendment or repeal by the city under its home rule powers; matters of state legislation, lying beyond the scope of those powers, are left for the administrative code—there will be no hiatus because all the law of the city not repealed by the charter will continue in force until carried forward into the administrative code. Amendment of the charter itself by local law is provided for in the charter in conformity with the provisions of the city home rule law; the class of amendatory measures requiring a referendum before taking effect will be substantially enlarged. The extent of the local amending power will be greatly widened by including in the charter, subject to local

(Continued on Page 552)

RECENT NEWS REVIEWED

NOTES AND EVENTS

Edited by H. M. Olmsted

Council-Manager Developments. — Cities to hold special elections in the fall on the adoption of the council-manager plan include Harrisonburg, Virginia (7,232 population), September 1; Pomona, California (20,804), November 3, and North Adams, Massachusetts (21,621), November 3. Norton, Va. (3,077), recently elected its first council under a modified town-manager plan which will become effective September 1. Salinas, Calif. (10,263), is reported to have adopted the manager plan by ordinance recently.

City officials in Milledgeville, Ga. (5,534), report that a charter change incorporating the manager plan is being considered. In Owensburg, Kentucky (22,765), adoption of the manager plan is being sponsored by the Chamber of Commerce, and civic groups are being asked to join the campaign. Tulsa, Oklahoma (141,258) is showing much interest in the manager plan according to a recent editorial in the Tulsa *Tribune* in which the excellent record at Oklahoma City where O. M. Mosier is city manager was extolled.

Aberdeen, South Dakota, recently defeated a proposal to adopt the council-manager plan by a vote of 3,704 to 1,907. Chickasha, Oklahoma (14,099) at a special election on July 14 defeated a proposed manager charter by a vote of 2,107 to 1,287.

Roanoke County, Virginia, and Los Angeles County, California, will vote on county manager charters on November 3. A civic organization in Hamilton County, Tennessee, is advocating the adoption of the county manager plan. In Wichita, Kansas, several civic agencies are sponsoring meetings to secure support for the adoption of the county manager plan.

Testimonial for Manager Government.—Franklin H. Wentworth, managing director of the National Fire Protection Association, at its annual meeting at Atlantic City, had this to say with reference to the problem of attempting to get action on plans for improved fire protection in council manager cities as compared to those with older forms of government: "The city manager may not respond at once to our efforts; he may not agree with our analysis or our conclusions, he may think our project secondary to other projects before him, but we can sit down with him and discuss the matter with a responsible person who can act, instead of wandering about in a foggy atmosphere of irresponsible agencies often without civic knowledge or intelligence and sometimes influenced by unworthy personal or political motives. Our own field experiences have led us to value the council manager form of government and to hope for its rapid extension."

*

Attempt to Restore Ward Government in Detroit.—For the fourth time since January 1919, when it became effective, the modern charter of the city of Detroit is being attacked by a proposed amendment which, if adopted, would restore the old ward-council type of government. The charter is of the strong mayor and small council type and never has been amended in any vital part since its adoption in 1918.

The present proposal for amendment would take Detroit back to a council of fifteen ward representatives. It has other features which tend to make it vulnerable and apparently it will, like its predecessors, be defeated.

William P. Lovett

*

Conference of Mayors Establishes Departments.—The United States Conference of Mayors has announced the establishment of departments for the following classes of municipal officials: public works officials, municipal finance officers, purchasing agents, and city clerks. The main purpose is to provide effective interchange between cities of experience and information of special interest to these departments of city government.

*

Final Draft of New York City Charter Filed.—On August 17 the New York City Charter Revision Commission filed with the city clerk the final draft of its proposed charter for that city, to be voted upon at the general election of November 3. A full discussion of the provisions of the charter, by Laurence A. Tanzer, associate counsel for the City Charter Revision Commission, will be found on page 535 of this issue.

Proportional representation will be submitted as a separate proposition at the same election. (See also page 547).

*

Cleveland to Have Federal Relations Commissioner.—The city council of Cleveland, Ohio, in view of the many matters that today involve municipal and federal governments jointly, has recently created the office of commissioner of federal relations. Mayor Harold H. Burton has appointed Frank Bubna as commissioner. He will devote full time to handling federal-municipal affairs concerning that city.

*

Conferences of Municipal Officials Planned.—Announcement has recently been made of the following conferences of municipal officials to be held this fall: National Association of Assessing Officers, at Detroit, Michigan, September 23-25; American Society of Municipal Engineers and International Association of Public Works Officials, Toronto, Ontario, September 28, October 1; American Municipal Association, Chicago, Illinois, October 15-17; and International City Managers' Association, Richmond, Virginia, October 19-21.

*

State-Wide Police Training in California.—San Francisco and Oakland police chiefs have set up training units under an intensive state-wide police training program recently initiated in California, according to the *Police Chiefs News Letter,* bulletin of the International Association of Chiefs of Police. This program, under what is officially known as the California Peace Officers' Institute of Technical Training, is to include both pre-employment and in-service police education. In-service training will be given in each of the large cities. Police in the rest of the state will be organized into fourteen regions. To each of these training units the state department of education will assign a vocational education expert who will assist in developing courses of study selected by police chiefs, and in training teachers. Where requested, the department of education will supply instructors in special subjects, such as ballistics, records, finger-printing, etc.

Pre-entry training courses will be offered in several sections of the state at junior and teachers' colleges. Those at Chico, Fresno, Los Angeles, San Diego, Sacramento, and San Francisco have been recommended. The courses will be modeled closely after the one developed at San Jose State College. Photography, police communication, physical education, criminal law, and gunnery are among the subjects scheduled.

*

Regional Meetings and Training Schools in New York State.—The New York State Conference of Mayors has completed plans for eleven regional meetings of city and village officials to be held this year between September and January, at the following locations and dates: Potsdam, September 10; Glens Falls, September 17; Binghamton, November 9; Hornell, November 10; Buffalo, November 12; Geneva, November 17; Utica, November 18; Troy, November 20; Newburgh, November 24; Mount Vernon, December 1; and Floral Park, December 3.

The conference, at its twenty-seventh annual meeting last June, adopted a resolution for discontinuance of the voluntary training schools for policemen, under the auspices of the Municipal Training Institute of New York State. Since 1928 the Advisory Council on Police Training, representing the Mayors' Conference, the New York State Association of Chiefs of Police, and the Division of State Police, has operated 108 zone training schools for police, which more than twelve thousand city and village policemen have attended. In 1934 the council decided in favor of mandatory instruction, for new policemen only, under state auspices, with municipal representation; but the legislature has thus far failed to act on this recommendation.

During November a series of regional zone schools will be held in three different sections of the state for water plant operators and superintendents; such schools have previously been held only at Albany.

*

Forty-seven States Have Planning Boards.—All of the forty-eight states except Delaware now have state planning boards or commissions, according to the most recent tabulation made by the American Society of Planning Officials. Louisiana, which on June 30 created a state planning commission through legislative enactment, became the forty-seventh state to provide for some sort of planning agency. In thirty-four states, including Louisiana, state planning commissions exist through statutory authority; in the other thirteen, they are governors' commissions. Pennsylvania recently adopted legislation changing its governor-created planning commission into a statutory body.

In addition to the usual sections relating to research, inventorying of state resources, and coördination of state departmental functions, the Louisiana planning statute provides that the chairman of the commission, who is to be appointed by the governor, is to serve full time as a salaried official. In most of the states, all of the members of the planning commission serve without compensation.

The Pennsylvania act provides that the state planning board, which is to consist of nine members, four of whom must be the heads or executive officers of state departments, shall prepare and keep up to date a ten-year major state improvement program.

According to a recent report of the National Resources Committee, federal planning consultants are now assigned to forty-four state planning boards, the federal government paying the salaries and expenses of these consultants.

*

Approved State Social Security Plans.—The Social Security Board on August 13 announced its approval of the Louisiana plans for aid to the needy aged and for aid to dependent children. The Kentucky plan for aid to the needy aged was also approved. This brings the number of states eligible to receive federal funds for assistance to the needy aged to thirty-eight and of those eligible for contributions for the care of dependent children to twenty-two. Hawaii and the District of Columbia, which are also jurisdictions with public-assistance plans, bring the total of states and territories with approved state-federal public-assistance plans to forty.

*

Interstate Commission on Crime Holds Second Annual Meeting.—The Interstate Commission on Crime assembled for its second annual meeting on August 21-25 in Boston to discuss the progress of the model anti-crime bills drafted under the auspices of the commission about eight months ago, and the subject of interstate coöperation against crime in general. The model bills are uniform acts concerning supervision of out-of-state paroles, close pursuit of criminals, compulsory attendance of witnesses from outside the state in criminal cases, and extradition of criminals. So far nine states have adopted one or more of these model bills.

Attorneys-general of six states and an assistant attorney general of the United States presided over sectional meetings. The convention was practically unanimous in condemning the "third degree" and urged a study of this method of obtaining information from criminals.

*

New Federal Library Agency.—A federal library agency in the Office of Education will be established in 1936-37 with a budget of $25,000 provided in the Department of the Interior appropriation bill signed by President Roosevelt June 23. This is the first time a federal office has been made specifically responsible for fostering a national program of library development.

The new agency will be organized by Dr. John W. Studebaker, commissioner of education, as a library division in the Office of Education. Its staff will consist of a few library specialists in various fields, with the necessary clerical personnel, and will be appointed under civil service regulations.

The proposed functions of the new division have been broadly conceived along lines approved by the American Library Association in its national library plan.

Coördination of public and school library service and other forms of adult education and of research materials on a nation-wide basis, and the development of library services throughout the country are stressed.

*

Merit System Progress.—In addition to such indications of civil service advancement as the merit system planks in the Democratic and Republican platforms and the action of President Roosevelt in extending the merit system through the post office department (commented on editorially in the August REVIEW), various other signs of progress can be noted.

The merit system has been applied to public welfare departments in three states—Michigan, Indiana, and New Hampshire—which lack formal civil service laws, according to the *Civil Service Assembly News Letter.*

The governor of Michigan authorized the use of civil service procedure in the employment of all state and county emergency relief employees as of July 1. Employees already in the relief service are given qualifying examinations, results of which will be a factor in determining releases when forces must be reduced. The commission for the study of a central personnel system has drafted a civil service law which will be submitted to the next legislature.

When Indiana created its unemployment compensation board the enabling legislation left the way open for civil service procedure in this one department. However, a joint committee has been appointed to study the problem of establishing and maintaining a coördinated personnel system for both the state welfare department and the unemployment compensation division of the treasury department. A personnel plan that will fulfill "a rounded program of continuous service" is recommended for these two agencies by Public Administration Service of Chicago, which sees in the coöperative administration of the personnel of two departments, each of which now operates separately, an opportunity of making much more effective the actual administration of the two agencies which have so many functional similarities.

A joint advisory committee is also recommended which should prove beneficial in advising on policies and procedures, in interpreting personnel policies of the two agencies to the people, and in securing the support and coöperation of other public and private agencies. Under its direction personnel specifications which are to be used in both departments could be prepared, salary studies including rates of pay in other public and in private agencies within the state could be undertaken, and a plan for the fullest exchange of personnel from one agency to the other could be developed.

In New Hampshire positions of clerk and field representative in the state unemployment compensation division of the Bureau of Labor are now filled by competitive examinations.

Possible extension of civil service procedure to four other states is reported by the National Civil Service Reform League. The State Civil Service League of Washington is circulating petitions to place a civil service bill on the ballot next November. The Virginia legislature recently appropriated $17,000 for a state-wide public personnel study. The governor of Oklahoma is urging passage of a state civil service law. Connecticut's governor has appointed a survey commission to study departmental reorganization.

A new national organization in the civil service field was formed at a convention in Chicago in June. It is the National Association of Civil Service Employee Organizations, and the first of such organizations which were included, said to represent approximately 22,000 public employees, were the New Jersey Civil Service Association, Civil Service Employees Association of Cleveland, Flint City Employees Club, Wisconsin State Employees Association, and the Municipal Employees Society of Chicago. Membership is limited to organizations whose members are civil service employees in state and local governments that have merit system laws. Headquarters have been established at 1422 Steuben Building, Chicago. The association plans to coöperate with all agencies in the United States interested in the protection and promotion of the merit system in government.

*

New Opportunities in Public Service Training.—The University of Minnesota has announced the establishment of several pre-service fellowships, for the academic year of 1936-37, to encourage outstanding university men and women to enter the public administration service. The first year of training will be spent in residence at the university, with a stipend of $650 provided. During the second year the student will do work in some governmental department.

In Kalamazoo, Michigan, the city government and Kalamazoo College have jointly established a bureau of municipal research, and undergraduate and graduate students majoring in political science are to be assigned to duty in the bureau as part of their college training. The city manager places various practical questions before the bureau for investigation; and this will aid in giving the special students a realistic conception of the problems of cities such as Kalamazoo, with its population of some 57,000.

Another opportunity for training workers in the public service is offered in the increased federal appropriation for vocational training approved recently by Congress. The bill, which increases the annual appropriation for this purpose to $12,000,000, requiring the states to match funds to 50 per cent of this amount, allows $4,000,000 for trade and industrial education "including public and other service occupations." Its provisions will become effective in July 1937.

Plans are now going forward in the American Municipal Association to integrate information on training programs of state leagues and other organizations, and to prepare for carrying new projects into effect when the funds become available.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Missouri—County Audits.—The examiners of the state auditor's office have found discrepancies of $572,929 in 49 counties in which audits have been completed. Of this amount $397,961 was due the counties, $70,402 due the state, and $104,566 due other units of government.

Stoddard County with township organization and a number of drainage districts in default had a shortage of $49,032, the largest among the 49 counties. Much of its deficit was due to "compromises" of delinquent taxes, which the state auditor claims were illegal.

In several cases, legal steps have been taken to collect the shortage. In other counties the auditor has notified the officials involved that the deficiencies must be cleared up at once. Careless bookkeeping and misunderstanding regarding the amount of various fees are responsible for most of the irregularities.

The state auditing of county records began more than two years ago after passage of a law making periodic auditing and uniform bookkeeping compulsory. The first audits have necessitated considerable detail for only a few counties had been audited in recent years, and some had never been audited. Also, the form and content of the records varied greatly in different counties, which required additional work even though there were only minor errors in the accounts.

Though the examiners have made splendid progress, it will be impossible for the present staff to audit all counties by the end of the present calendar year, as anticipated. But after the first audits are completed, and uniform accounts are kept, it will be a relatively simple task to audit them periodically as required by law.

William L. Bradshaw
University of Missouri

*

Virginia—Henrico County Adopts Merit System.—The flexibility, efficiency, and the generally progressive character of county-manager government was again demonstrated on July 14, when the Henrico County board of supervisors approved unanimously Manager Day's proposal for the merit plan for recruiting county employees. In outlining the plan, the county board declared its general policy to be: (1) the selection of employees upon the "sole basis of the applicant's qualification for the particular work, but that preference will be given to county residents when the qualifications of two or more applicants are equally satisfactory"; (2) security of position, as long as service is satisfactory; and (3) a wage scale based upon character of service performed. As to wages the board correctly condemned "as subversive of efficiency and harmonious coöperation, variations in wage scales allowed arbitrarily or for considerations having no relation to the work performed or the manner of its performance."

Several specific principles to guide the manager in hiring or dismissing employees are set forth. An existing county officer is to be designated as the personnel officer. This officer's duties are: (1) to "investigate the character, experience, and qualifications of all applicants for employment"; (2) to build up a list of eligible persons from which "employees shall be chosen, if possible"; (3) to classify the service performed by employees and recommend fair rates of pay; (4) to investigate charges against an employee and to recommend to the manager the proper action to be taken; (5) to keep an efficiency record for each employee; and (6) to stimulate in-service training that will tend to improve efficiency and morale of the public service."

Upon the reports of his personnel officer, the manager's duty will be to praise, to warn, to censure, and to send annually to the board of supervisors an efficiency report wherein each county employee is rated as superior (S), good (G), fair (F), and undesirable (U).

JAMES E. PATE

College of William and Mary

*

New York—Sheriff's Office Useless Extravagance.—In pursuance of the efforts of the Fusion administration to reorganize the five decrepit and wasteful county governments stepping on one another's feet, Mayor La Guardia asked the department of investigation and accounts to inquire into and report the actual conditions in the offices of those governments. The study of the sheriff's offices in the five counties signed by Commissioner Blanshard and Special Counsel Irving Ben Cooper is stuffed with facts corroborating the statement made by a former sheriff of Kings County that "the office of sheriff as such might well be dispensed with and his functions assumed by some other department."

New York and Kings Counties are the grossest examples of superfluity of job holders and scarcity of work. These counties are twin in their care for official leisure. As there isn't enough for each deputy to do an assistant is given him to help him do it. Take the exhibit of the Manhattan twin. In the nineteen months including 1934 and the first seven of 1935, the average deputy sheriff in the civil division, even with the aid of an assistant, handled less than three papers per month. The assistant deputies, if they work at all, do not need to spend more than five or ten minutes per day at their tasks. Many deputies in the civil division actually handle only about one paper per month upon which real work is required.

For these exhausting labors the deputies get from $2,000 to $3,000 a year. They are exempt from competitive examination. Their appointment is purely political. They may do political work outside. In their offices most of their time is spent "waiting around for something to turn up." The record of each is given. One master workman handled "less than one case per month." In the arrest division activity is equally fervent. The average is eight cases a month for each deputy. One deputy's certificate of merit is "0 plus per month." In the clerical and accountants' divisions the pace of business is equally fast. In March 1935, five clerks "handled thirty-six documents per day." Sometimes six clerks have been assigned for work which could be done by two at the most.

The cost of the civil division amounted to $206,591.12 as compared to total revenues of $90,097.58. Thus the cost to the city for the maintenance of the civil division amounted to $2.29 for each dollar received in that year. In the days of the fee sheriff the office not only fattened his pockets but paid for itself. Now continuous deficits are insured by the maintenance of supernumeraries. Local application of the county home rule amendment approved by the people last fall rests with the municipal assembly. How long will it take the board of aldermen to consent to any reform that will cut henchmen from the payroll? This report, to be followed by others on other officials, by the commissioner of accounts may drive into the public mind the folly and waste of overlapping and useless governments and departments swarming with tax-eaters.

New York Times

TAXATION AND FINANCE

Edited by Wade S. Smith

New Jersey Relief Show-down Approaches.—On August 19, after a veritable flood of petitions from officials of the state's larger municipalities, Governor Harold Hoffman announced his willingness to call a special session of the New Jersey state legislature provided "the majority of the legislators indicated they would support a sound relief-financing plan." The announcement constituted the first official indication that the legislature might be asked to reassume the responsibility it wearily discarded when it adjourned last spring without providing new relief revenues and thus left Jersey localities to carry on without state assistance after April 1.

Since April 1 the only state funds available for aid to the municipalities in financing emergency relief has been some $6,000,000 already collected on the $17,000,000 estimated yield of the Dorrance estate. Late in June a special financial assistance commission was established to devise a formula and supervise the allocation of this sum. The formula, not well understood by municipal officials and admittedly nebulous so far as the commission is concerned, is based primarily upon the relief expenditures and the urgency of need for assistance. About $318,364 was dispensed by the commission during July. In July 1935 relief costs totaled $1,133,564.

As might be expected, a satisfactory picture of the relief situation is nowhere to be obtained. The commission itself reported, shortly before Governor Hoffman's announcement, that comparatively few of the municipalities had returned applications for a share of the fund. Forms for reporting the municipalities' fiscal condition and application blanks for allocations had been sent to all. Newark, Trenton, Camden, Elizabeth, and similar large industrial communities with extraordinarily high relief costs have apparently been acutely embarrassed, and there is much evidence that such cities cannot carry the relief load at the prevailing scale without recourse to disastrous borrowing programs in some cases.

That the "average" New Jersey community is feeling much of a pinch since assuming the entire cost of relief after state withdrawal seems improbable, however. Where independently secured data exist, the generalization from it is that approximately one-third or more of the New Jersey municipalities have not and will not feel any ill effects, while about half will be able to manage without outside assistance, though deficiency expenditures and subsequent funding will have to be resorted to. Examination of numerous operating statements to July 1 shows that in the above-mentioned ratios: (1) the municipality's budget appropriation, plus state aid for the first three months of the year, has been expended only about 50 per cent to the middle of the year, leaving an available balance on which expenditures can be maintained on the existing scale for the rest of 1936; or (2) the trend of relief costs has been ahead of the 50 per cent mark at the middle of the year, but average monthly requirements indicate a deficit of from a few hundred to several thousand or more dollars per month for the balance of 1936, the deficiency being well within the municipality's ability to finance. The emergency relief load is, of course, lighter during the summer months, and much of the normal burden is now being carried on WPA projects; should the coming of cold weather and the curtailing of work relief result in the restoration to emergency relief of a case load greater than that of the winter months early in the year, such a development would, of course, increase costs in many instances and tend to disturb the present ability to assume full responsibility. Nevertheless, competent observers are inclined to the view that in not more than a third, perhaps fewer, of the New Jersey municipalities has the withdrawal of state aid imposed a burden on the localities greater than their ability to carry, or is it likely to do so.

The plight of this unfortunate third, however, is apt to be spectacular, judging from present indications. Already livid reports have been published purporting to show that the common local expedient in the face of relief fund shortages is to "let 'em starve." Many critics are inclined to discount the bulk of these tales, however, both because the complainants have not always come into court with clean hands, so to speak, and because in at least one of the more notorious instances of countenanced distress the situation complained of was an inheritance from the regime under state financing. Particularly in the smaller communities has the effect of returning full responsibility to the locality been beneficial, local officials often exercising administrative discretion in expenditures when the cost must be borne locally, whereas a certain degree of laxity prevailed when state aid could be counted on to offset relief disbursements.

But in the larger cities, with substantial sums involved, state aid on a scale approximately equal to that heretofore prevailing is necessary. Thus Newark, which is reported to have had earmarked for its use $825,900, has already issued relief bonds amounting to $1,400,000, and, officials say, will have to issue another $1,000,000 if the grant is not raised by the financial assistance commission. Elizabeth, budgeting $144,000 for the current year in anticipation of state aid, finds the commission's allocation $70,000 under the total which will be needed. City Manager Paul Morton of Trenton comments that application of the commission's formula seems to penalize municipalities that saved money through economies and low administrative costs. In these and other cities with substantial relief requirements the need for state assistance is undoubtedly acute, though whether of sufficient proportions to result in financial disaster cannot be said.

The chief danger of the present situation seems to lie with those Jersey communities which have just concluded refinancing operations and are now experiencing, or promising to experience, balanced current accounts for the first time since the depression began. Large accumulations of operating deficits have been common in New Jersey, fostered by lax fiscal policy and state laws permitting the piling up of tax borrowings and temporary paper for capital purposes. This large and unwieldly debt burden, together with high tax delinquency, has been in most instances remedied or approached under 1934 legislation permitting extensive and careful funding, and where necessary refunding, operations. Municipalities availing themselves of these opportunities have by and large shown an increasingly favorable trend, but many of them are in a position where any large unexpected outlay will unbalance their finances. However, as was said earlier, there is little indication that the present burden is beyond the ability of even these localities to successfully absorb, and the problem remains essentially one confronting the larger industrial communities of the state.

What assurances of harmonious action Governor Hoffman will deem necessary before issuing a call for the special session cannot easily be foretold. He has indicated that he considers either a re-enactment of the general sales tax, repealed last year, or enactment of an income tax, provision of revenues that would be "sound." Republican leaders in those sections of the state where municipalities are most vociferous are rapidly concurring in the governor's formula, however, and it seems likely that the special session is not far off.

*

Hope for Municipal Bankruptcy Act.—Only three times in our national history has the United States Supreme Court reversed itself, it is said, but proponents of the recently voided municipal debt readjustment act (Sumners-Wilcox act) are now hoping that a recently announced stay to that decision, pending a rehearing in October, may mean that another reversal is imminent. The act was declared unconstitutional by a five to four vote, in a case involving a Cameron County, Texas, drainage and irrigation district.

The court's decision terminated what had been a highly useful expedient for controlling the "minority hold-out" bondholder in otherwise acceptable refunding plans. Effect of the decision was felt chiefly in Florida, where municipal defaults had been rendered doubly chaotic by the presence of so-called bond scalpers. Many of the cities in which readjustment programs had been pushed far toward completion were apparently unaffected by the nullification of the act, but in others, where the situation was not yet approaching clarification, a resumption of the conditions prevalent prior to the law's enactment was threatened or actually experienced. Proceedings all along the line are reported to have been frozen by the announcement of the stay, and Senator Wilcox, sponsor of the act, has announced his intention regardless of the court outcome of offering new legislation for the same purpose if necessary.

*

British Body Condemns "Use Value" Base for Realty Taxation.—The London County Council at its meeting on Tuesday, July 7, adopted the special Report on the Incidence of the Present Rating System which will be submitted by the finance committee with the recommendation in favor of the rating of land values. The report is an illuminating document. It describes how rates are at present levied and in how many respects it is unjust and operates inequitably, how by taxing buildings and improvements the present system handicaps trade and penalizes industry, and how unfair is the burden which falls with the greatest severity upon those least able to bear it. The effect of the present system in exempting undeveloped and underdeveloped land, however valuable it may really be, from contribution to the rates is illustrated in the difficulties that the London County Council, like all our local authorities, has to contend with in the acquisition of land for public purposes, a difficulty that faces not only the public authorities, but builders and business in obtaining land before they can undertake any enterprises. It is certainly one of the anomalies, if not the abuses, of our day that the price of land is so high and so altogether out of relation to the assessment at which it happens to be rated. The question is constantly asked and with absolute justification—if such and such a price, £1,000 or £10,000 per acre, is the price of the land when it is wanted, why is it not assessed at that figure instead of the pound or two at which it is assessed while the landowner chooses to put it to an inferior use? Over and over again the protest is raised against this injustice which is seen at its worst in the case of vacant land or the "agricultural land" around our towns which is wholly exempt from rates although it can only be bought at a ransom figure.

The finance committee has given some striking instances of the County Council's own experience.

In the case of nine purchases of land for parks the total price was £107,868. The same land had been assessed for rates at an annual value of £988, so that the purchase price was 109 times the rateable value.

In the case of eight purchases of land for cottage housing estates the total price was £932,908. The land had been previously assessed at an annual value of £7,391, making the purchase price 126 times the rateable value.

Even this does not show the whole of the abuse, since very much of that land as "agricultural," whatever its ratable value, was exempted from rates under the agricultural rates acts, and since 1929 such land paid nothing at all.

The report describes the bills that have been introduced in Parliament to remedy this state of affairs and the action that the council has itself taken from time to time. It concludes with an emphatic declaration in favor of the rating of land values. "In our opinion," it says, "site value is preëminently a subject of local taxation as it arises from community causes. It is the measure of the commercial, social, and industrial advantages attaching to a site which arises from the existence of the community and community services provided out of the public purse. It is a value which has not occasioned any cost of production to the owner, and consequently the rating of site values is in effect a means of securing to the public a value which it has itself created."

Reference is made, which is very important, to the extent to which this principle has been adopted in New Zealand, Australia, Denmark, and other countries. The system is not only practicable, but has worked smoothly. The final recommendation is: (a) That the council is of opinion that the present rating system is inequitable in its incidence, that site value is a subject peculiarly suited to local taxation by reason of its arising from community influences including local expenditure, and that it is accordingly desirable that the present burden of local expenditure should be transferred either wholly or in part from rates to a rate upon site value; (b) That H. M. Government be informed of the opinion expressed in the foregoing resolution (a) and be urged to introduce legislation at an early date to empower local authorities to levy a rate on site value.

The report is signed by Mr. Charles Latham, the chairman of the finance committee. Its adoption will place the great influence of London in the forefront of the municipal agitation for the rating of land values, which in recent years has been supported by no fewer than 230 British local authorities, all in their resolutions demanding this reform in the local rating system. Chief among these authorities is the city of Cardiff which last September called a representative municipal conference and has since circulated all the rating authorities in England and Wales in the matter.

A. W. Madsen

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

New York Voters Get Complete P. R. Draft.—When the New York City Charter Revision Commission on August 17 filed its final draft of the new charter to be voted on by the city's voters this fall, it included complete self-executing provisions for proportional representation instead of the short statement of principles given in the tentative draft last spring. The use of proportional representation for the proposed new city council is to be voted on as a separate question. The first charter draft provided that, if the vote were favorable and the charter were also adopted, a new temporary commission should be appointed by the mayor to draw up the necessary P. R. regulations and submit them to the board of aldermen for adoption, with or without changes, but in accordance with the principles stated in the charter. Because of doubts as to the legality of this procedure the final draft sets forth in detail the P. R. system to be used, as do the charters of the American cities now using P. R. The provisions are eminently satisfactory to those most interested in the adoption of P. R. in New York City.

The final draft makes no change in the P. R. principles of the tentative draft, published in this department in May 1936. A few of the more interesting details it adds are the following:

1. P. R. voting machines are permitted if authorized by local law.[1]

2. Party emblems are not to be used on the P. R. ballots or machines. Party names and independent designations are permitted, the right to use the name of a recognized party being dependent, as in the tentative draft, on the permission of the appropriate county committee.

3. Any candidate in the borough of Richmond (Staten Island) and any three in any of the other four boroughs may appoint watchers and be represented at every stage of the election and of the count.

4. No candidate is given more than the fixed quota of 75,000 votes, first choices in excess of that number being disregarded and the votes being counted at once for the voters' second choices instead. The total number of first choices for each candidate must be determined and announced by the board of elections after the count is over, however.

5. If a candidate has more than 75,000 first choices, the question of which of them shall be used as the quota to elect him is determined by the order in which the election districts are handled in the counting. This order is definitely prescribed in such a way that the first and last ballots counted are both sure to be well distributed over the borough. The point of beginning in the order, however, is determined by lot after the voting is completed so that the order will have no effect on the voting itself.

6. All candidates who fail on the first count to receive as many votes as the 2,000 separate signers required for nomination are defeated simultaneously and their votes transferred together to the voters' next choices. Like the similar provision in the charter of Toledo, this should save considerable time without defeating any candidate with a real chance of election.

*

P. R. in New York State Conference Program.—The state conference on legislation held at Union College, Schenectady, on July 10 and 11 under the auspices of the New York State Committee of the National Municipal League, with the coöperation of the Schenectady Bureau of Municipal Research and the New York Citizens Union, and reported on page 442 of the NATIONAL MUNICIPAL REVIEW last month, gave P. R. a prominent place in its legislative program and discussions.

Optional P. R. for county boards of supervisors was included by the conference as one of the requisites for a satisfactory bill for alternative forms of county government to carry out the mandate of the recent county home rule amendment, which the conference made the first plank in its legislative program. Under its program for the extension of city home rule the conference also included optional P. R. for all units of local government.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Lake County Taxpayers' Association (Gary, Indiana).—That proposed budgets and tax levies can and have been reduced is substantiated by reference to what has occurred in this respect during the past several years. The advertised budget for Lake County for the year 1934 proposed a tax rate of 69.6 cents which the county council found possible to reduce to 40 cents. Likewise, the proposed county rate collectible in 1935 was reduced from an advertised rate of 51 cents to 39 cents. The proposed county rate of 55 cents, collectible in 1936, was cut to 44 cents. Translated into terms of dollars and cents, the resultant saving to Lake County taxpayers for the year 1934 was $1,046,458; for the year 1935, the saving was $429,724; and for the year 1936, the saving will be $394,715. In its budget reports for these years, the Lake County Taxpayers' Association suggested rates of 38 cents collectible in 1934, of 38 cents collectible in 1935, and of 41 cents collectible in 1936.

---

[1] A note about the new voting machine that has been developed by the International Business Machines Corporation was included in this department in July. A model of the voting machine and an actual counting machine, with punched cards for demonstration elections, are on display at the office of the New York Citizens Union, 41 Park Row, New York City.

Total general property taxes collectible in Gary for the year 1932 in the amount of $6,420,057 have been reduced to $4,063,157 for the year 1936, a decrease of 36.7 per cent. In Hammond the amount of $3,883,847 for the year 1932 has been reduced to $2,693,032 for the year 1936, a decrease of 30.7 per cent.

The Association has never attempted to assert that taxes have been reduced in Lake County solely because of its activities. However, the Lake County Taxpayers' Association is the pioneer governmental organization in Lake County, the only one representing taxpayers from all sections of the county, and during the period of its existence has undoubtedly been extremely helpful in presenting data which has made possible substantial decreases in proposed levies. The Association has not only investigated the financial affairs of the county government but likewise has gone into and reported on the proposed budgets and tax levies of many local governmental units such as school cities, civil cities, and libraries. In this latter work it has in some few instances had the coöperation and support of local community and civic organizations. Numerous public officials have expressed their appreciation to the Association for the help it has rendered in analyzing the financial affairs of local governments. The Association has acquired the reputation of approaching local governmental problems with a fair and impartial attitude, and has the confidence of many taxpayers who are familiar with its work. Partisan politics have never entered into its activities and this policy coupled with the accuracy of data submitted has won widespread respect.

The need for unbiased governmental research organizations has been satisfactorily demonstrated in many parts of the county. Sporadic individual appeals and protests are seldom heeded, and only by organized effort can taxpayers hope to hold governmental costs at sane levels. Already there is evidence that in some quarters the idea pervades that the depression is over and that the time is about ripe to put public spending back on the same basis that prevailed a few years ago. Property owners can attest that in so far as real estate income is concerned, many of them are hardly collecting enough to pay present taxes, let alone increased levies.

M. W. Madden, *Research Director*

*

Detroit Bureau of Governmental Research.—The Bureau has recently distributed a list of the research projects which have been undertaken by the School of Public Affairs of Wayne University in coöperation with the Bureau. The School of Public Affairs is directed by Dr. Lent D. Upson, director of the Detroit Bureau. J. M. Leonard is supervisor of research problems.

The following studies are of general interest: Trends of the Cost of Government in Detroit, Tax Delinquency—An Analysis by Types of Property, Pay-as-you-go for Financing Capital Improvements, The Validity of Long Term Improvement Planning, Future Financing of Capital Improvements, Financial History of Detroit During the Depression, Effect of Homestead Exemption on the Michigan Tax Base, Financing a Fire Department on a Utility Basis, The Trend of Detroit's Population, The Trend of Building in Detroit by Census Tract Areas—1920-35, The Effect of Geographical Location on Governmental Costs, A Digest of Michigan City Manager Charters, Manual of the Government of the City of Detroit, A Manual of the Government of the State of Michigan, State Control of Local Finance, Chart of Business Activity in Detroit, An Index of Rental Values in Detroit, Experiments in the Examination of Detroit Patrolmen, A History of Public Welfare in Detroit to 1929, County Police System, Election Costs, The Problem of County Reorganization in Michigan, A History of the Detroit Edison Company.

The following studies have already been published by the School of Public Affairs and the Bureau: An Analysis of Tax Delinquency, The English System for the Taxation of Real Property on an Income Basis, Tax Delinquency in the Second Ward of Detroit with Special Reference to Apartment House Properties, Street Address Coding Guide by Census Tracts for Detroit and Environs—1935.

The Bureau has also issued a list of social science research projects which are under way in the Detroit metropolitan area by such agencies as the department of public welfare, the department of public health, the WPA, and the University of Michigan.

*

City Club of Chicago.—The annual meeting of the Club was held on June 24. The city manager committee reported that it had been instrumental in establishing a joint committee of civic agencies interested in the city manager movement and that work is progressing on a city manager bill which will be introduced in the state legislature.

The liquor control committee reported an interesting series of meetings, particularly one at which most of the liquor interests were represented. The committee is now drafting a report which will recommend more effective control of liquor traffic.

The public health committee reported the results of its efforts to arouse greater local interest in the need for water filtration.

The social welfare committee has attempted to keep informed of developments in the field of unemployment relief.

The taxation committee reported the publication in April of a fairly comprehensive report on a tax program for Chicago and Illinois.

Other matters with which the Club has dealt during the year through its committees are public safety, renaming of streets, and the traction situation.

*

Governmental Research Association.—At its meeting in November in Providence, Rhode Island, the executive committee of the GRA made a number of changes in the Association's service program. These changes and a constitutional amendment adopted by members at the recommendation of the executive committee reduced the dues of associate members from $10 to $5, while maintaining the dues of active members at $10, and brought to an end the distribution by the Association as part of its regular service program the three periodicals: the NATIONAL MUNICIPAL REVIEW, *Recent Publications on Governmental Problems,* and *Public Administrative Service Monographs.* The response of the membership to these changes, which had the effect of increasing the general revenues of the Association, has been very gratifying. At the close of 1935, 369 persons held membership in the Association. On July 1, 267 of these had renewed their membership, and in addition 51 new members had been secured. The Association has eliminated the deficit inherited from 1935, and according to present calculations will close the year 1936 with a small surplus. A campaign to increase the roster of members by offering a half-year, trial membership at $2.50 is now in progress.

The annual conference of the Association was held this year on the campus of the University of Michigan during the last week in August. Subjects discussed included property tax problems, relief administration, research bureau problems, and new developments in municipal accounting and fiscal reporting.

The Association has recently issued a revised *Directory of Governmental Research Agencies.* This directory lists local as well as state-wide and national agencies and gives the names of the professional governmental researchers attached to the staffs of these organizations. Copies of the directory are sent without charge to members of the Association.

*

Civic Club of Allegheny County (Pittsburgh).—The forty-first annual report of the Club was recently distributed to the membership—including the 550 new members who joined the Club during the past twelve months.

The Civic Club maintains a free public bath house which served thousands of persons last year through its bathing, swimming, laundry, and day nursery facilities.

The Club's committee on public finance and taxation analyzed city and county budgets and presented definite recommendations to the city council and county commissioners.

The public recreation committee reported with satisfaction that the city and board of education continue to coöperate closely in the maintenance of recreational facilities under a working agreement secured by the Civic Club. The salary of the superintendent of recreation is divided between these two public authorities.

The public library committee follows the work of the Pittsburgh Carnegie Library and analyzes its budget closely. This year the committee urged an increase in the salaries of librarians and in the appropriations for new books.

The Club's committee on state affairs reported that the 1935 session of the legislature failed to act upon the following matters in which the Club is definitely interested: city manager and metropolitan plans, revision of the state constitution, consolidation of school districts, reapportionment, elections, housing, and regulation of outdoor advertising. Among the bills approved by the Club which became laws are those providing for mothers' aid, old-age pensions, signature identification for voting, and installment payment of delinquent taxes.

The Civic Club was recently represented at a hearing held in Pittsburgh by the state legislative commission on local government. The Club presented a memorandum outlining state legislation which the Club deems necessary or desirable. The following recommendations are of general interest: making the county the unit for assessment and collection of taxes, reducing the number of elective offices, repealing state legislation, fixing salaries of local officers, permitting cities to adopt the council-manager form of government with proportional representation, consolidating health and welfare administration throughout the state, making the county the unit for welfare administration, establishing the merit system in state and local government, and organizing school districts on geographical areas rather than along the lines of existing political subdivisions.

Other matters which have received the attention of the Club and its committees during the past year are public health and public welfare activities in Pittsburgh, ash collection, anti-noise campaign, city and highway appearance, weed control, zoning, voters' information service, college scholarships for exceptionally able high school students, Christmas lighting, and hobby fair.

Miss H. Marie Dermitt continues to serve as the secretary of the Club.

Des Moines Bureau of Municipal Research.—The taxpayers of the city of Des Moines gained a victory in a recent ruling by the Iowa Supreme Court on the city's so called "miracle budget." This injunction suit was brought by the Des Moines Bureau of Municipal Research, coöperating with the Des Moines Real Estate Board and the Polk County Taxpayers' Association.

The case turned on the fact that the city council, after estimating the collection of $212,000 in receipts other than taxation to the city general fund in the 1934 August tax budget, under the pressure for boosting salaries raised this, in the following April when the city appropriation was made, to an estimate of $400,000. The latter estimate was nearly double the amount of actual collections the year before. The Iowa Supreme Court in an unusually vigorous decision ruled that the city council acted illegally in boosting its estimates of receipts other than taxation in the annual appropriation over the amount originally estimated in the August tax budget. The court also suggested that this dereliction would justify removal of the officers involved. It also suggested that a bill be introduced into the next legislature requiring cities to restrict their estimates of receipts, other than taxation, to the actual collection of the previous year. It stated its belief that the city had no right to deliberately incur deficits for operating purposes because there is no provision in the law giving the city authority to issue bonds or levy taxes for such deficits.

As a result of this court decision the new city council this year confined its estimate of receipts other than taxation, to just about actual collections of the previous year which gives a balanced budget.

The state legislature enacted a law in 1935, originating with the Bureau, doing away with the pernicious so called "scavenger tax sale" by which a conniving property owner could "wash out" his back taxes for a nominal sum. This brought in a tremendous amount of back taxes from property owners who feared reversion of their properties to the county as provided in the new law.

During the last year the Bureau made a survey of the insurance carried on county buildings which resulted in a material reduction in some lines. It promoted a vigorous educational campaign relative to the city manager plan. It has been watching the expenditure of the city's share of a large WPA program.

The Bureau now is making a thorough survey of local municipal civil service and soon will report on the subject.

C. A. Crosser, *Director*

NEW YORK CITY CHARTER

(Continued from Page 538)

action, a number of provisions heretofore enacted by the state legislature, and protected against local change by the restrictive provisions of the city home rule law. In addition, the charter provides for presentation by initiative petition of amendments proposing fundamental changes in the city's government.

The proposed charter represents the result of nearly two years' intensive work by a disinterested commission. Its adoption will provide for the city in the first revision of its charter in thirty-five years, a clear and simple document, substantial improvements in the form of the government, with numerous changes looking to greater efficiency and economy; a much larger measure of control by the people of the city and their elected representatives over their own government, with power in the people to initiate and adopt further changes; and, with the completion of the administrative code to follow, a codification of the law of the city, the first in upwards of fifty years.

STATE-LOCAL FINANCE IN FRANCE

(Continued from Page 510)

Large metropolitan centers like Paris, Lyons, and Marseilles might well be allowed more budgetary autonomy than smaller urban areas; while strict control over local revenue and borrowing, as well as the use of conditional grants-in-aid, could doubtless be restricted to districts largely rural in character.

(7) To a foreign observer, however, a reform still more fundamental in importance would be to establish a modernized division, or bureau, of local government finance in the national treasury, in place of the uncoördinated and politically-minded services now forming a part of the bureaucracy of the Ministry of the Interior. If the secretariats of the Union of Cities and National Association of Mayors were geared in with this agency in an advisory and technical capacity; and if, further, the latter were provided with a technically competent staff divorced from fear of political interference, an invaluable element for the flexible adjustment and ultimate stabilization of central-local financial relationships would be available. Such a setup should include branch offices in the major provincial centers so that technical service and advice could be cheaply and expeditiously furnished to small municipalities.

In the French Republic, the tempo of fiscal reform has always been slow. With the advent of the present "People's Front" government, however, ardently committed as its Minister of Finance is to the cause of thorough-going tax revision and administrative reorganization, there is a fair prospect that some of the foregoing proposals will soon be translated into policy—provided France survives the danger of violent revolution. Sooner or later a series of reforms such as have been suggested in this article will have to be effected if the vote-trading "alliance" of local politicians, deputies, senators, and prefects, operating in the surcharged atmosphere of pressure politics, is ever to be broken.

Note.—The materials for this article, which is a summary of a larger study now under way, were gathered by the writer while in France during the summer of 1935,—with the aid of grants from the Social Science Research Council of New York and the University of Wisconsin research fund.

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

The Rôle of the Bar in Electing the Bench in Chicago. By Edward M. Martin. Chicago, The University of Chicago Press, 1936. 385 pp. $5.00.

This book is broader in content than its title would indicate. It presents the results of a factual study of the system of electing judges in a metropolitan center, the evils that are inseparable from such a system of selection, the long-continued efforts of an organized bar to play a part in the selection and election of nominees for judicial office and to reduce the ill-consequences of this method of selection to a minimum. After setting out the general elements desirable in any plan of improvement the author brings together in the form of a summary the plans for improvement proposed in the several states. He finally proposes the election of a chief justice for a term of six years at a separate election by a ballot without party columns, emblems, circles, slogans, or other devices; the empowering of the chief justice to appoint, supervise, direct, and assign associate justices, the appointment of associates to be made from a list of eligibles submitted by a commission on judicial nominees selected by the members of the local bar; the associate judges to hold office for an indeterminate term, and to be subject to removal by (a) popular non-competitive vote of the electorate at intervals of six years, (b) action of the State Supreme Court, (c) legislative recall, and (d) compulsory retirement with life annuity at the age of seventy.

The arguments for and against the proposed plan are presented fully and fairly.

The author is undismayed by the comparatively negligible tangible results of two generations of bar association effort to improve judicial selection in Chicago. He finds parallel conditions in all metropolitan areas in which the elective system of selection prevails. Graphs seem to indicate that where tangible results have followed bar association intervention, conditions had outraged the electorate to such a degree that like results would have ensued without such intervention.

He finds cause for hope in the widening of the movement for reform in the several states, in the unmistakable signs of the solidifying of forces behind the movement, and in the action of California in November 1934 in breaking "from the plan of popular nomination and election in the direction of a guided choice by the executive with periodic approval by the electorate."

The plan proposed by the author effects a compromise between elective and appointive selection. Substituting the appointive for the elective system will not usher in the millenium. Under the appointive system the appointment of judges on the insistence of partisan political organizations against the protest of the organized bar, requiring undated resignations and purchase of the favor of local bosses, is not unknown. It will, however, center responsibility, end the sorry spectacle of candidates for judicial office waging hand-shaking, back-slapping, and baby-kissing contests, and reduce to a minimum the opportunity for play of partisan political pressure.

As the author indicates, existing conditions demand not merely a "broad-gauge, long-time program of action to challenge the existing system of selection in its most fundamental aspects" but, as well, "activity to raise the level of the legal profession as a whole."

This book should find itself in the hands of every law student—undergraduate and graduate. The road to general thoroughgoing reform leads out over years ahead. From the ranks of these students of today the future leadership over the road must come.

Frank H. Sommer
New York University School of Law

*

Legislative Problems. By Robert Luce. New York, Houghton Mifflin Company, 1935. 762 pp. $6.00.

If there is anyone living who knows more than Robert Luce about legislative problems in the United States, he is hiding his light under a bushel. This volume, which is the fourth in the author's well known series on the "science of legislation," rounds out and completes a task which has filled the place of avocation in his life for twenty years. Every student of political science owes a real obligation to former Congressman Luce for the greater knowledge and understanding of our own institutions his keen observation and analysis have made possible.

This volume covers "the development, status, and trend of the treatment and exercise of lawmaking powers," including such subjects as the separation of powers, the budget, the veto power, judges as legislators, delegation of power, administrative legislation, and restraints on legislatures.

While these and other topics covered may sound to the reader like so much re-treading of old trails, there is no subject upon which the author touches to which he does not make a contribution, even if that contribution be only a point of view born of experience. The chapter on the budget is a good example of this. The author takes sharp issue with the prevailing opinion among political scientists that the budget should be an executive matter. "Is it true that because a man is responsible for executing a project, he should be responsible for designing it?" he asks. In matters of broad public policy, he is inclined to trust the judgment of a president or governor but in respect to administrative detail he ranks the probabilities of wise suggestion among the various groups as follows: (1) administrative officials, (2) legislative committee chairmen, (3) executives, (4) the mass of legislators. This is an interesting and worth while observation, certainly, although the extent to which it applies in municipal government may be questioned.

In any event, one test of a good book is its capacity to stimulate the mind through its assembling of new facts or fresh points of view on old facts. This, Mr. Luce's final volume does in a scholarly and able manner.

H. P. J.

*

Public Finance. By Harley L. Lutz. New York, D. Appleton-Century Co., 1936. Rev. ed. 945 pp. $4.00.

Professor Lutz's revised text is characterized by the same scholarly research apparent in the earlier editions. The study has been considerably augmented in size. Approximately two hundred new pages have been added and the size of the page has been increased.

Among the changes and additions are new chapters on the control of public expenditures, government ownership, tax systems and tax administration, the effects of taxation, the effects of borrowing, and the principles of financial administration.

Public expenditures are very properly given first and prominent consideration. After preliminary discussion and analysis of expenditures the following principles are laid down with respect to their control:

Each governmental service should be performed in an administrative area reasonably well adapted to its efficient performance. So far as possible, there should be but one local administrative authority over any given area and the people within it. The resources of every governmental unit should be appropriate to its functional responsibilities. Duplicating and overlapping agencies in state and federal organization, respectively, should be eliminated. The responsibility of administrative and financial officers should be direct and inescapable.

Professor Lutz suggests as instruments of debt control: the budget, uniform accounting and auditing, central purchasing, personnel selection and training, reasonable and effective limitation of local debt, and financial reporting. Devices to be avoided are tax rate and aggregate expenditure limitation and salary and wage cuts.

The other major divisions of the study cover commercial and administrative revenues, taxation, public credit and financial administration. Throughout the statistical and other material relating to recent developments in public finance have been brought down to the latest available point of time.

A study of this magnitude cannot be dealt with adequately in a brief review. It is of outstanding value for the earnest student of public finance.

Mabel L. Walker

Tax Policy League

*

Federal Support for Public Education. An investigation directed by Paul R. Mort. New York, Bureau of Publications, Teachers College, Columbia University, 1936. 334 pp. $3.70.

The extension of the equalization principle of education to national application seems logical. If it is to the advantage of individual states to see to it that every child in the state shall have a fair educational opportunity regardless of the poverty or wealth of communities, the United States would derive similar benefits if the education provided by the various states could be more equalized. Population moves about. The boy educated in a poor country school lives in the city tomorrow; poorly prepared in a state which provides meager public education, a man moves to another state where he must compete with those more adequately equipped.

The efficiency principle also may be applied to the nation as well as to the states. This is "the responsibility of the central government for assuming responsibility for public education to provide those devices which will make for the continuous adaptation of the schools to changing needs."

With these two principles in mind, a committee of well known educators headed by Dr. Mort has outlined a plan which it is hoped may be used by Congress in developing a program of federal participation in the financing of education.

The plan calls for the equalization of the support of a national foundation program of education through general federal aid and assistance in modernizing the rural school plants of the nation by means of special federal aid. There would be flat grants, an equalization guarantee, and also a guarantee of further federal aid to states where the amount allotted through the flat grants and equalization guarantees would not equal 20 per cent of the aid which they would receive if the federal government chose to equalize a foundation program of sufficient extent to be defensible as a national foundation program. A defensible program is one spending the minimum amount the people of a state might be expected to spend if not handicapped by an inadequate financial structure. It is proposed that at the beginning the national foundation program be very low with expansion toward a more adequate program depending upon the rate of educational improvement in the states spending least for education.

The committee calls attention to two problems which need immediate attention—the reorganization of rural schools and the provision of equitable opportunities for minority groups such as the Negroes in the south. A special federal aid plan for rehousing rural schools in efficient centers would eliminate the greatest single difficulty in reorganizing rural schools while the general federal aid program proposed should go a long way toward solving the problem of minority groups.

*

Municipal Accounting Statements. National Committee on Municipal Accounting, 850 E. 58th Street, Chicago, 1936. 156 pp. $2.00.

An aid toward uniformity in municipal accounting is this book which provides cities with standard patterns tested through use. After a discussion of principles governing the contents, arrangement, and presentation of a municipal financial report, forms for financial statements and statistical tables are given. Methods of describing and analyzing each fund are suggested. Explanations of the accounts used in the statements to be prepared for each fund are given, followed by definition of municipal accounting terminology.

The volume brings together all previous publications of the National Committee on Municipal Accounting except its "Suggested Procedure for a Detailed Municipal Audit" and "A Bibliography of Municipal Accounting."

*

Cash Relief. By Joanna C. Colcord. New York, Russell Sage Foundation, 1936. 263 pp. $1.50.

In the early days of the depression there was marked aversion on the part of public relief agencies toward giving relief in the form of cash. A hangover from the English poor law on which the American system of relief was based, is the explanation of Miss Colcord, director of the Charity Organization Department of the Russell Sage Foundation. Relief granted "in kind"—food and clothing—was more humiliating and thus a deterrent factor, it was thought, in the multiplication of those on relief rolls.

A recent study of twenty-four European countries shows only one—Czechoslovakia—still using food orders and there only for the relief of those not protected by unemployment insurance plans. In other European countries cash relief is the rule except for those under institutional care.

In the United States as depression conditions compressed into a brief period a tremendous amount of experience in relief administration, the use of cash relief became widespread among emergency relief administrations. Miss Colcord records the experience with cash relief in nine large cities—Baltimore, Cleveland, Denver, Detroit, Los Angeles, New York, Philadelphia, Pittsburgh, and San Francisco—with the general conclusion that cash relief is of benefit to all concerned. Prophecies that recipients would misspend the money, that the burden of relief would be increased through addition of large numbers who would be more willing to accept cash than commodities, and that there would be an increase in refusals to work have not been substantiated. On the other hand relief workers report an increased feeling of respect and responsibility as the result of the cash basis of payment. While data have not been compiled in sufficient quantity to establish this as a general fact, the author is convinced personally that the expenses of operation can be reduced by the introduction of cash relief.

*

State Commission Jurisdiction and Regulation of Electric Rates and Service. Federal Power Commission Electric Rate Survey. Rate Series No. 6. 11 pp. Ten cents. Apply to Superintendent of Documents, Washington, D. C.

This report makes clear the extent to which the public service commissions of the various states exercise authority over electric rates, as of October, 1935, of both publicly and privately owned electric utilities.

*

Proceedings of the Attorney General's Conference on Crime. Washington, D. C., 1936. 578 pp. Apply to the Attorney General.

The Conference on Crime held in Washington in December of 1934 brought together the nation's authorities on the crime problem. These proceedings preserve their addresses and discussions for reference and also the resolutions which represent their conclusions regarding the best steps next to be taken in the war against crime.

Forty-second
Annual Conference on Government
Hotel Commodore Perry, Toledo, Ohio
Monday and Tuesday, November 16 and 17
General Subject:
Education of Citizenship
in a Democracy
For further information apply to the
National Municipal League

NATIONAL MUNICIPAL REVIEW

OCTOBER + 1936

County Government Number

Spotlight on the County Manager Plan

• • • GEORGE W. SPICER—EDWIN A. COTTRELL
HAROLD W. SANFORD

New York's Struggle for County Home Rule

• • • SEABURY C. MASTICK

A Physician Examines the Coroner

• • • OSCAR T. SCHULTZ, M. D.

Shall We Save the Township?

• • • ARTHUR W. BROMAGE

A Personnel Program for the County Service

• • • H. ELIOT KAPLAN

Design for Country Living

• • • PAUL W. WAGER

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.
VOLUME XXV, NO. 10 TOTAL NUMBER 244

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND EGGER, Foreign News
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis *First Vice President*
C. A. Dykstra, Cincinnati *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
L. Arnold Frye, New York
Robert M. Goodrich, Providence R. I.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
David Hinshaw, Westtown, Pa.
Robert W. Johnson, Princeton, N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 10
TOTAL NO. 244

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR OCTOBER

The League's Business .... *Howard P. Jones* 558
Editorial Comment .... *H. P. J.* 559
Spotlight on the County Manager Plan
George W. Spicer, Edwin A. Cottrell, Harold W. Sanford 561
New York's Struggle for County Home Rule .*Seabury C. Mastick* 572
A Physician Examines the Coroner .....*Oscar T. Schultz, M.D.* 577
Shall We Save the Township? ....*Arthur W. Bromage* 585
Erie County, New York Deals in Real Estate ..*Elwyn A. Mauck* 589
Governmental Research and the Citizen ......*S. Howard Evans* 593
A Personnel Program for the County Service ..*H. Eliot Kaplan* 596
Functional Consolidation in the Counties of Virginia
Raymond Uhl 601
Design for Country Living ....*Paul W. Wager* 604
Rural Zoning in Wisconsin ....*Mary C. Trackett* 609
The Planner Faces a New Job ....*Charles J. Calrow* 613
Stockmen Disagree on Effects of Federal Land Purchase
(*Letter to editor*) 617
Recent News Reviewed
Notes and Events ....*H. M. Olmsted* 619
County and Township Government ....*Paul W. Wager* 623
Taxation and Finance ....*Wade S. Smith* 624
Proportional Representation ....*George H. Hallett, Jr.* 626
Governmental Research Association Notes ...*Robert M. Paige* 629
Recent Books Reviewed ....*Geneva Seybold* 635

The contents of the National Municipal Review are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, OCTOBER 1936

MAKE YOUR RESERVATION EARLY FOR THE

National Conference on Government

NOVEMBER 16, 17, 1936

TOLEDO, OHIO

at the

COMMODORE PERRY HOTEL

The Banquet Speakers Will Include

Harold W. Dodds, President of Princeton University and President of the National Municipal League

and

Murray Seasongood, Cincinnati

Among the Vital Current Topics to be Considered are

SOCIAL SECURITY AND UNEMPLOYMENT RELIEF
TECHNIQUES OF CITIZEN EDUCATION AND ACTION
THE PROBLEM OF LAW ENFORCEMENT
SELECTION OF CANDIDATES FOR PUBLIC OFFICE
CONTROLLING THE LIQUOR TRAFFIC
REHABILITATION OF MUNICIPAL CREDIT
TAX LIMITATION
SEARCH FOR NEW REVENUES
COUNTY GOVERNMENT REORGANIZATION
MUNICIPAL PERSONNEL PROBLEMS AND ADMINISTRATION

Nominating Committee Chosen.—President Dodds has appointed the following Nominating Committee: Murray Seasongood, Cincinnati, *Chairman;* Robert M. Goodrich, Providence; Carl H. Pforzheimer, New York; Miss Belle Sherwin, Washington, D. C.; and L. Arnold Frye, New York.

HOWARD P. JONES, *Secretary*

Editorial Comment
✣
October

NATIONAL MUNICIPAL REVIEW

Vol. XXV, No. 10 Total No. 244

The Record of the County Manager Plan

Evidence as to the effectiveness of the county manager plan continues to accumulate. Even in situations where it is operating under conditions that are far from ideal, the plan has apparently introduced visibility into the government with as heartening results as accompany sunshine in a sick room. There is a healthiness about responsibility which together with simplicity contributes the visibility; it not only sobers, it supplies incentive to good work.

Under the best conditions of operation, of course, the county board (a small board elected at large on a nonpartisan ballot by proportional representation) selects an executive trained in public administration to run the business of the county, the manager appointing all other administrative officers. Only the members of the board remain elective, such officers as the sheriff, the county clerk, the county treasurer and others being department heads under the manager. A perennial three-way controversy has raged over the office of prosecuting attorney as to whether he should be appointed by the attorney-general, or the county manager, or remain elective. The preponderant opinion appears to favor the first-mentioned solution.

So far no county has adopted completely this ideal plan. Indeed, no county in the United States has yet adopted proportional representation as a method of electing the members of its board although P.R. has many obvious advantages over the prevailing geographical system of representation. And counties, too, have shown a reluctance to part with all of the traditionally elective officers, although it might be more realistic to say that the traditionally elective officers have shown a reluctance to permit their jobs to be legislated out of existence. Be that as it may, despite the fact that what authorities consider the ideal set-up has as yet not been adopted by any county, substantial progress has clearly been made in all counties which have taken a part of the whole. These counties are: Arlington, Albemarle and Henrico Counties in Virginia; San Mateo and Sacramento Counties in California; and Monroe County, New York.

Two years have elapsed since the Review published an appraisal of results in these counties. It is significant testimony to the efficacy of the plan which Messrs. Cottrell and Spicer bring forward in this issue.

Buying a Mirage

VOTERS of four states—Colorado, Georgia, Oregon and Washington—will decide at the November elections whether they will adopt over-all tax limitation laws. In addition, Michigan voters will have to accept or reject a constitutional amendment which would abolish all *ad valorem* taxes on real property.

It is probable that the latter proposal will fail. It is the *reductio ad absurdum* of over-all tax limitation. Tax limits and still more tax limits are established until we have no more taxes! Perfect! The mystic words are mumbled by the voter as he stands over a little black box and poof—his troubles are ended.

The other proposals, less drastic in nature, and backed by powerful interests, are more likely to pass. Here again the taxpayer deludes himself. "Tax limitation" is a splendid idea but as elusive as a hare on a frosty morning. The record of experience in Ohio, Michigan and other states should be scrutinized by citizens of the four states mentioned above. They will find that tax limitation does not mean reduction of expenditures and that, paradoxical as it may sound, tax limitation may result in their paying more taxes after limitation than before!

There have been people who went into the desert and bought a mirage.

Juggling Local Functions

PROFESSOR Bromage in his article in this issue of the REVIEW rather effectually disposes of the township as an archaic, outmoded unit of government. In the rush of the theorists to larger units of government, he even confesses himself somewhat of a conservative in thinking that the county can be salvaged as an agency of local self-government. And it may be that the acknowledged inefficiencies in local government will ultimately kill off our smaller units.

However all has not been said that can be said with regard to the township. In New York State, for example, where the town is a kind of half way point between the New England town and the middle-western township, certain groups are pointing to the small village and raising the question as to whether, instead of abolishing the town, there does not exist the chance to create a real rural municipality out of the town by transferring to the town government the functions now administered by the smaller villages. Then, the advocates of this say, the town would include, as a rural municipality should, both the farm and the local market within its jurisdiction.

This constitutes an interesting challenge to the generally agreed-upon thesis of the political scientist as to the future of town government. It presents a new array of battle lines. In the movement toward larger units of government, as town functions may be transferred to counties, village functions may be transferred to towns. That is, at least, one of the theoretical alternatives.

In the final analysis, citizens as residents of village, town, county and state, will be called upon to determine the distribution of functions as between the various units as well as which units shall be abolished. It is to be hoped their thinking will be colored by their real conviction of the direction in which the ultimate welfare of their community may lie rather than in the more personal question as to whether Tom Jones or Bill Brown will keep his job.

Spotlight on the County Manager Plan

Continued success of the council-manager plan in counties in Virginia, California and New York advances it far from the category of experiment to a method of proved worth

GEORGE W. SPICER *Chairman, Virginia Commission on County Government*
EDWIN A. COTTRELL *Stanford University*
HAROLD W. SANFORD *Associate Editor, Democrat Chronicle, Rochester, New York*

VIRGINIA

Two years ago, in the columns of the Review, the present writer set forth the experience of three Virginia counties under the county manager plan. Readers will remember that this experience was highly favorable to the manager plan. This successful experience has continued to date with accelerated speed and increased vigor.

Not the least important effect of the county manager plan in Virginia counties has been the favorable response which it has evoked from the people of the counties concerned. This result was effectively expressed recently by the former manager of Arlington in these words:

"No plan of government is perfect, but the manager plan is the best that has yet been devised. I cannot, therefore, understand why more counties have not adopted it. In counties where the plan exists the people are well informed as to what it means to their well-being, because it is a form of government that informs and enlightens those whom it serves. This is something the old form *did* not and *does* not do. When you enlighten or educate a citizen to *what* is being done with the tax dollars he pays and *why* it is being done, then in almost every case you will have a real supporter of the new government. The manager plan has done that, and it is one of the greatest of its accomplishments."[1]

Developments with which the readers of the Review are perhaps not generally familiar are the Compensation Act and the Trial Justice Act passed by the 1934 session of the General Assembly of Virginia. Both of these are general mandatory acts and with few exceptions are applicable to all counties of the state. The first act places all major offices of the county, with the exception of the sheriff and the clerk of the court, on salaries to be determined by a state compensation board in coöperation with the local board of supervisors. The second act, in effect, abolishes the office of justice of peace as a trial officer by transferring his trial jurisdiction to a single trial justice for the entire county. Indeed, two or more counties may combine to employ a single trial justice. The justices of the peace remain only as process servers. Before this general act was passed, approximately twenty counties in the state had experimented with the trial justice system under special acts.

---

[1] Roy S. Braden, "County Manager Plan in Operation" (Address delivered before the round table on local government, Institute of Public Affairs, University of Virginia, July 7, 1936.)

The successful experience of these counties was sufficient to induce the General Assembly to pass the general act in 1934. While experience with this act has shown some minor flaws, the experience of the counties as a whole has been as successful as that score that had pioneered with the plan in preceding years.

The jurisdiction of the trial justice is greater than that of the old justice of peace in both civil and criminal matters. This system has resulted not only in more efficient and equitable administration of justice in that class of cases which touch the lives of the people more frequently and more intimately than any other class of cases, but it has also greatly reduced the number of appeals to the circuit and corporation courts, thus relieving these courts of an unnecessary burden and saving the state money in jury fees.

CONSOLIDATION AN URGENT PROBLEM

Farm life and farm methods have undergone radical changes in the past thirty years, changes brought about largely by rapid means of communication and transportation. The middle-aged farmer of today can well remember when a trip to the courthouse fifteen miles away required more time and difficulty than a trip one hundred miles to the state capitol requires today.

The residents of Virginia's counties have been quick in appropriating these modern means of communication and transportation to their personal and individual use and in modifying their lives accordingly. But they have been slow to recognize the fact that these same inventions and improvements call for a revamping of their governmental institutions. The county of a century ago, or two centuries ago, was planned —if there was any plan—with a view to the then existing conditions. This plan did not take into consideration the telephone, good roads, and the automobile. Failure to recognize these facts and to alter the organization and size of their governmental units has cost the county taxpayers of Virginia many unnecessary dollars, and has at the same time deprived them of improvements and services that they might have had with less cost.

INABILITY OF THE SMALLER COUNTIES TO PROVIDE SERVICES

Perhaps the most serious problem confronting the smaller counties in Virginia is the inability of these counties, owing to their lack of population and taxable wealth, to support any adequate and satisfactory unit of government. It is probable that more than half of the counties of the state lack the economic ability to provide the services normally required to meet the necessities of modern community life.

What the people of the several counties are losing by not taking steps to remedy these conditions is indicated by two comparisons which the Virginia Commission on County Government made in its 1934 report. With a view to determining the possible economic results of county consolidation, the Commission undertook a brief comparison of the operating cost of two groups of small contiguous counties with two relatively large neighboring counties of fairly comparable population, area, and taxable wealth. In the one case, the four peninsular counties of Elizabeth City, James City, Warwick, and York, with a total area of 417 square miles, a total population of 40,158, and taxable wealth valued at $50,562,133, were compared with Accomac, having an area of 502 square miles, a population of 35,854, and locally taxable wealth valued at $32,509,971. In the second case the counties of Amelia, Nottoway, and Prince Edward were compared in the same manner with Halifax. In the first case it was found that the operating costs of the one large county were slightly more than 22 per cent less than those of the group of small counties and in the second case the difference was slightly more than 26 per cent in favor of the one large county. These comparisons were for the fiscal years ending June 30, 1931 and 1932. For the fiscal year ending June 30, 1933, the difference in total operating cost in the first comparison was 76 per cent in favor of the one large county and in the second comparison the difference was 55 per cent in favor of the one large county.

PLAN OF CONSOLIDATION SUGGESTED

With the hope of furnishing the basis for the development of a thorough and practical plan of county consolidation, based upon sound principles of local governmental administration, the Commission, as a result of further study of the problem, ventured to suggested a definite plan for regrouping the counties of Virginia. In the formulation of this suggested plan the Commission attempted to combine in a practical way the following factors: the topography of the region, area, population, convenience of trade centers and the general economic character and condition of the region. Also no attempt was made to cut across existing county lines in forming the larger districts. Obviously no perfect balance of these factors is likely to be possible in any one district. Area, for example, must yield in some cases to topography and in others to density of population.

As a preliminary step to the formulation of its suggested plan of consolidation the Commission made a detailed cost analysis, on a functional basis, of all the counties of the state except Arlington. The cost of each operating function in each county was computed in terms of area, population and actual cost, and presented in tabular form. On the basis of these statistical data and the factors previously mentioned, the counties were arranged in thirty-one groups, and Arlington, with the combined total operating costs of the counties in each group shown for the fiscal years ending June 30, 1933 and June 30, 1934. A colored map showing the suggested groups was also presented. The enlarged units were designated by letters of the alphabet on both the statistical tables and the map.

An examination of the tables shows that the suggested administrative districts vary in area from 417 square miles to 2,155 square miles. However, the population of this smaller area is more than forty thousand. The average area is 1,298 square miles and only six have an area less than 1,000 square miles. In population the proposed districts vary from 22,397 to 105,767, the area occupied by the smaller population being 1062 square miles.

ADVANTAGES OF PROPOSED PLAN

As the figures cited above show, one of the most obvious advantages of such a plan of county consolidation is a substantial economic gain to the taxpayer. Of course, no one can predict precisely the saving that would accrue to the taxpayer as a result of the adoption of this or a similar plan of consolidation. But it seems safe to say that, on the basis of comparisons made above, a conservative estimate would place this saving at no less than 15 per cent in operating costs. If the consolidated district were organized on the manager or executive plan, the experience of Albemarle and Henrico would seem to afford ample basis to raise this estimate to 25 or 30 per cent.

However, there are other advantages of equal importance to be considered in this connection. Not the least of these is the improvement of the quality of the governmental personnel of the county. It is obvious that many of the counties of Virginia would be able to employ more capable and more efficient officers if the compensation were more in keeping with the qualifications requisite for the various offices. Many of these officers are actually on a part-time basis which results in indifference and inefficiency in the performance of their duties. It is only natural and human that this should be so. If these counties would combine their financial resources through consolidation, they would not only be able to employ a more competent personnel, but they would at the same time create administrative districts more suitable to the performance of the functions of county government.

Closely linked with and largely resulting from the foregoing advantages is that of more efficient service. This comes about because of the improved personnel and more adequate administrative areas just considered and also because of the saving in overhead expenses resulting from consolidation. Money thus saved can be spent, if the taxpayers will it, for better schools, for better health services, for better care of the neglected and dependent in the county and for other necessary governmental services.

Finally, for those who believe in the principle of local self-government for counties, there is the important question of whether the counties of Virginia can remain units of local government without combining their material and human resources with one or more of their neighbors. The people of the smaller counties have the same desire for the services of modern community life that the people in the larger counties have, and they will not cease to demand them from one source or another. If the county is unable to afford them they will be furnished by the state with state control commensurate with the amount of aid granted. The ultimate end of this process is the disappearance of the realities of local self-government, with only its shadow left. Already the Commonwealth is furnishing nearly 30 per cent of the total revenue of the counties.

Under the plan proposed by the Commission[2] the present counties, with their names, would be retained as historical and political divisions and upon them would be superimposed a larger unit which would take over the governmental functions of the present county. For the larger units the name "Administrative District" was suggested. It is not anticipated that this or any similar plan of consolidation will find favor with political forces in the several counties.

CALIFORNIA

THERE is much discussion for, and some progress in, the county executive plan in California. San Mateo and Sacramento counties which adopted the plan in 1933 have both made notable advances in their internal affairs. Santa Clara in 1934, Kern in 1935, and Butte, by amendment to its old charter in 1935, defeated the county executive plan proposals. In all three cases, the short time between submission of the proposals and voting thereon, for explanation of provisions and education of the voters, was inadequate. Lack of spectacular accomplishments in San Mateo and Sacramento coupled with the unsettled social and economic conditions and usual political opposition also played a very large part in their defeat. The proposal in Santa Clara provided for a county executive-controller combination. That in Butte was for the secretary of the board of supervisors to act as county executive while Kern proposed a straight county executive form. One peculiar provision of the Kern proposal was that the first executive should be selected by the board of freeholders which proposed the charter. This feeling of distrust in the discretion of the supervisors to select a proper executive was also emphasized in the San Mateo and Santa Clara boards of freeholders.

---

[2] Report of Virginia Commission on County Government, January 1936.

All of the charters which have been adopted or proposed have several important improvements over the normal county government provisions in California. The county executive form with short ballot for elective officers is the outstanding one. All have provided for the consolidation of health and welfare activities, for the merging of five road districts into one under a county engineer, and for improved fiscal and purchasing procedures. Criticisms which might be made are that the charters are too long and detailed, frequently including state statutes unnecessarily, have too many details of administrative procedure, include many hobbies and freak provisions, and many unworkable features. In other words, no real discretion is left to the supervisors or executive to solve current problems or face future contingencies.

LEGAL DIFFICULTIES IN SAN MATEO

An article in the REVIEW of October 1934[3] described the conditions then existing before a full transition between the old law and the new charter provisions had been accomplished. In January 1935 both charters were in full operation with full sets of officers elected or appointed under their provisions. San Mateo county started under legal difficulties and during the first two years there was constant wrangling before the courts and board of supervisors on legal provision of the charter. This unseemly squabbling was reopened after the defeat in the primaries of the leader of a majority of the board which for the entire life of the charter has continued to debauch its provisions. The manager has been under constant fire as a political appointee. A director of health and welfare was imported and subsequently dismissed after a political and legal brawl. The engineer, a competent local man, was displaced by another importation who in turn was declared ineligible and a second importation appointed. Most of the trouble in the two positions was due to the distribution of patronage in relief for the unemployed of the county. Many suggestions for changes in methods of operation and in provisions of the charter have been presented to the board of supervisors by a good government association but without any change in the attitude of the board.

QUIET OPERATION OF CHARTER

Sacramento continues to operate its charter in a quiet and successful manner. It has not been an easy thing to introduce a new element of administrative machinery into the existing political code of the state. Fortunately, the supervisors and executives have worked in coöperation. The various elected and appointed county officers working under code provisions have, in some degree, continued to be autonomous political entities. The executive has been extremely successful in wielding them into a harmonious whole. This feature might be emphasized at more length but would mean merely a complete revision of the political code to conform to the newer technique of administration. Most of the boards of freeholders, both county and municipal, have found themselves confronted by provisions of the constitution or statutes which seriously interfere with necessary provisions of a charter providing the orthodox executive machinery.

---

[3] "The County Manager Plan Proves Itself," NAT. MUN. REV. XXIII:10, October 1934, pp. 505-508.

Two of the San Mateo supervisors failed to file bonds on their induction into office in 1935. Their seats were declared vacated and the Governor appointed them to serve until the next general election. Under these conditions, the county electorate at the August primaries this year had the opportunity to elect all five supervisors at one election. The charter provides for a county-wide vote upon nominees in each of the five supervisorial districts. The result of the primary indicated that the old majority which has been instrumental in preventing the charter from full operation has been broken up. The leader of this oppositionist majority won in his own district but was soundly trounced by the county at large. He is now threatening to contest in the courts the provision of the charter providing for the election-at-large. This provision was chosen as an alternative by the electorate at the time of the adoption of the charter. The other supervisor who will not return declined to run in the primary, contending that the decision unseating him for failure to file a bond was illegal and he was entitled to remain on the board for two years longer. The new majority will probably include a former county engineer who was removed without cause or charges by the present board. Sixty-seven per cent of the voters went to the polls and expressed their indignation against the majority of the board then in office. This change in personnel of the board will assure a general shakeup in the appointive county officers and will undoubtedly mean that a new county executive will be named.

Sacramento has amended its charter to provide for a merit system for all appointive officers and employees. There is a movement on foot in San Mateo to bring about the same result. The November state ballot carries a proposition requiring all counties and cities over one thousand population and not having civil service provisions in their charters to establish the same immediately and blanket in all present appointive officers and employees.

CHANGE IN TAXING SYSTEM

An analysis of the fiscal conditions of California counties at this time would be very complex and the results of the study inconclusive. Studies being made currently for the proposed budgets of all counties for the fiscal year 1936-37 avoid any real comparison of either assessed valuations, tax rates, or certain special items which may fluctuate annually. California changed its taxing system in 1934 and returned the valuation of utility property to the local assessment rolls. All real property is now equalized throughout the state, which was not true prior to last year. A limit of 5 per cent was placed upon the annual increase of the state, county, municipal, and school budgets for recurring expenditures. Extraordinary expenditures may exceed this limitation with permission of the State Board of Equalization. A study of the transition period of special permits of this board would make an interesting analysis in itself. Naturally, there have been many changes in the assessed valuations and tax rates but the real tax comparison is still dependent upon levies rather than upon rates.

Other recent changes in county operations have affected the complexion of county finances. Many thousands of miles of county roads have been taken into the state highway system. The motor fuel tax distribution and the taxation of automobiles as personal property have been revised. Salary readjustments are being made after the period of depression retrenchment. The relief burdens have varied greatly with the movement of transient population and changes in federal and local funds. Provisions of aid for the aged are undergoing radical readjustment under the influence of the federal social security act and statutes of the last state legislature. These functional readjustments will settle down shortly and expenditures measured popularly by tax rates will again become approximately comparable. The expenditures for schools in most counties, entirely outside the discretion of the county board of supervisors but included within the tax levy, have risen constantly and account for the largest increase in costs of county government. With the readjustment of assessed valuations, Sacramento went down while San Mateo went up in total. Both counties have increased their expenditures but at the same time both have reduced their tax rates. There can be no reasonable doubt but that the methods of management in both counties have improved and shown a considerable over-all saving in costs of government to the people.

MOVEMENTS AFFECTING GROWTH OF MANAGER PLAN

There are several movements or conditions within the state which might affect the adoption of the county executive plan favorably or unfavorably. The foremost is the plan of the Committee on Governmental Simplification of Los Angeles County which is receiving much favorable comment in many directions.[4] This report is an elaborate and, from the standpoint of scientific research, excellent study of the functional operations of every one of the 454 taxing units within the county. It is interesting to note in passing that no two of the forty-four municipalities within the county are alike in either their structure or functional operations, yet all operate under the same laws. A complete series of functional charts for these cities is presented in the report and is invaluable to the student of local government. It must be noted that the County of Los Angeles differs largely from other counties in many respects. Being a highly urbanized area, yet the leading agricultural county of the country, it is called upon to perform highly technical municipal functions for its unincorporated area. This county performs 784 functions, or more than any other county in the country.[5] The state of California is at present performing only 420 functions.[6] The committee studied various plans which have been proposed elsewhere for political unit consolidation or coördination and discarded them immediately in favor of some form of functional consolidation. The voters of the county were already familiar with contractual services between the county and municipalities. They had recently formed the Metropolitan Water District to bring water from the Colorado River. Some thirty-six cities contract with the county for health services, thirty-five contract for the assessment and collection of taxes, library service is performed by the county for many cities and unincorporated areas, and planning for the entire area is done by the Regional Planning Commission with the coöperation of the municipal councils. These contractual arrangements recognize the principle that there is a common problem to be solved regardless of political units and it is best to work collectively upon it. Economic and social considerations dictate a continuation and enlargement of this principle of contractual relationships. The Los Angeles metropolitan area is unique in that it is almost entirely within one county. Again, this area may be seen at one glance from several vantage points. It would seem to the observer an easy matter to satisfy the wants of all the people stretched out on the plain below him by the creation of a single government. Naturally, he cannot see clearly the different jurisdictional lines of the governments. He can comprehend, if he has ever discussed the wiping out of one of these lines, the legal and provincial obstacles involved. It was with these points in mind that the Committee on Governmental Simplification adopted a functional consolidation plan. This principle means the delegation by one political unit to another larger unit (the county) the performance of a specific service function, usually for a consideration under some contractual arrangement. The system proposed preserves the political autonomy of the existing municipalities and at the same time recognizes the necessity of forming other units in the thickly settled unincorporated areas for the performance of these municipal services. It eliminates all possibility of political unit consolidation with, or coercion from, the central government.

---

[4] Report of Committee on Governmental Simplification, Los Angeles, 1935, pp. 219, mimeographed.

[5] Growth of County Functions, 1852-1934, Los Angeles County Bureau of Efficiency, 1936, pp. 136, mimeographed.

[6] Peirce, John M. "420 State Activities," *Tax Digest* 14:8, August 1936, pp. 260-261, 281-286.

OPTION TAKES TWO FORMS

The option presented takes two forms: First, with respect to the action by existing units of government and, second, with respect to such portions of the proposed plan which they may wish to choose immediately, if at all. The plan may be adopted without commitment on the part of a locality for services of any sort. Each community is left to contract in whole or in part, or not at all, at its discretion. Thus the plan recognizes the metropolitan area as a unit, the desirability of the preservation of local autonomy, and the permissive rather than mandatory acceptance of central government services.

The governmental structure to be erected consists of two parts. First, a centralized metropolitan or county government consisting of the following: a single legislative policy-determining body of fifteen members elected by proportional representation for a term of four years, and having no administrative powers or duties as is now true of county boards of supervisors; a chief administrative officer or county executive appointed by the governing body for an indefinite term, who is to be the chief contact between the governing body and the administrative departments; and the necessary administrative departments for all services. Secondly, there would be the local governments, as at present with additions, each consisting of a single legislative policy-determining body, a clerical officer, but no administrative departments or officers once it had contracted its services for particular functions to the central government. This local legislature would continue to represent its local constituents and determine what it would like to have the central government do and when it would do it. The central government would perform a basic standard service uniformly over the entire contractual area. The local community, however, accustomed to or desiring additional service, would determine what additional service it needed and could provide for an additional tax levy within the local unit to provide for its desires. With the increased use of combined governmental units into some form of "authority" to undertake a common service, this plan of the Simplification Committee should commend itself to other metropolitan areas. It is described here particularly because it applies to the problems of a single county in an area which is rapidly expanding in population, governments, and industrial plants.

After the filing of the report of the Committee on Simplification, the board of supervisors requested that this committee coöperate with a similar committee created by the City of Los Angeles in an endeavor to reconcile their two reports and bring in final recommendations for the board to submit to the people. A joint report has now been submitted which recommends briefly:

1. The creation of a county manager to have complete charge and control of all administrative functions of the county. This includes a complete separation of the board of supervisors from participating in administrative activities and carries the usual penal clause for interference with the manager or his subordinates.
2. The adoption of a complete and modern fiscal program for the county to which is attached the department of budget and research (formerly the bureau of efficiency) and the separation of auditing from control functions and the creation of the office of controller.
3. The director of civil service is made an independent personnel officer answerable to the county manager. The civil service commission becomes a policy-determining and judicial body for appeals from removal.
4. A proposal is made to relieve the cities in the county of the obligation to share in taxes for the payment of any costs for functional service that they do not receive directly from the county. Tax districts would be created to finance such services.

The first three proposals are substantially those made by the County Committee on Simplification. The fourth is an attempt to avoid the contractual arrangement, in part at least, between the cities and the county which the Simplification Committee proposed and which has worked reasonably well for many years in assessing and collecting taxes, health, planning, and library service.

Other parts of the state are following the system of county-city contractual operations. Several counties have arranged inter-county operations for certain functions, notably hospitals. The state is rapidly centralizing the highway system, social welfare operations, law enforcement, finance, health, employment and education. The movement for the consolidation of counties, so active in the newspapers for a few years, has apparently died down. The studies which were made of such plans failed to show any appreciable amount of savings or more efficient operation of the governmental machinery. Doubtless, there are too many small counties in California but sectional pride or geographical barriers preclude this plan as a solution of alleged difficulties of county government. The suggested metropolitan area consolidations have also been quiet since the report of the Simplification Committee in Los Angeles and the building of the two bay bridges in San Francisco.

NEW FRIENDS FOR COUNTY EXECUTIVE PLAN

California counties are in an unsettled condition from financial readjustments, state-wide investigations, local unrest against political management, state centralization of functions, plans for consolidation, and charter proposals. The transition is interesting and events are moving more rapidly today than at any time in the past. The county executive plan has gained friends in the people and in the press. There is even a serious proposal being discussed to reorganize the state government by providing a business executive to handle the administrative and fiscal operations of the government. California is upholding its traditional reputation for progressiveness in governmental matters.

NEW YORK

Monroe County, exceeded in population only by the counties of Erie and Westchester, and by Greater New York, exceeded in total assessed property valuation only by Erie, Westchester and Nassau counties, and Greater New York, is the first county in New York State to adopt the county manager form.

Supervisors of the county in 1934 appointed a charter commission under the Fearon charter law, but in 1935, after the charter submitted had lain dormant for eight months, elected to act under Plan B of the Buckley law. No citizen organization sponsored the change, but a campaign of newspaper education was conducted and petitions were circulated by the Democratic county organization, which then was in control of the board of supervisors. The voters by a sufficient majority accepted the plan but at the same time elected a Republican majority in the board of supervisors. The plan therefore is being put into effect under a political leadership which did not sponsor it, but which did not oppose it.

The city of Rochester contains more than 75 per cent of the county's inhabitants, and more than 80 per cent of the county's total assessed property valuation. A substantial majority for the plan was rolled up in the city but the vote in the nineteen towns was close. Residents of the city were favorably disposed toward the plan since the city had been operated under the manager plan since 1928.

The manager, Clarence Smith, was experienced in county affairs, having served more than thirty-five years in various capacities. He had been for many years clerk of the board of supervisors, and though a Republican, had been named first county auditor by a Democratic board. He was out of office at the time of his appointment, however.

Under his direction the county departments hitherto conducted by elective officers are being reorganized. The constitutional offices of sheriff, district attorney and county clerk, and the statutory office of coroner have been untouched by the change, but the elective offices of county treasurer, county purchasing agent, county auditor, county welfare commissioner and the appointive offices of county road superintendent, county maintenance director, court house superintendent and the separate park and planning commissions have been absorbed in the new set-up.

MANAGER BECAME FINANCE DIRECTOR

As permitted by the act, the manager assumed the office of finance director, superseding the county treasurer, auditor and purchasing agent. The department of finance has been reorganized under his direction with divisions of the treasury, budget and accounts, purchase, and personnel.

The county treasurer, whose term did not expire until next October, died. His widow was appointed by the Governor to fill out his unexpired term, but resigned in face of public comment that no duties remained. The auditor, a well known banker of standing, was removed but at the head of the substitute division of budget and accounts the manager placed a former attaché of the bureau of municipal research who had assisted in installing the auditing system.

The veteran county engineer, known to be qualified and competent, has been named director of public works. In his department are divisions of highways, the directorship of which he continues to hold, and the division of buildings, maintenance and construction, directed by the former independent maintenance director and absorbing the former appointive court house superintendency. The public works department also has absorbed the functions of the county regional planning board, but the former secretary of the board is now director of planning, and in place of the citizen planning board the planning committee of the board of supervisors will act in an advisory capacity.

INDEPENDENT PARK BOARD ABOLISHED

The former independent county park board has been abolished and its functions absorbed by a new division in the department of public welfare. The park committee of the board of supervisors replaces the former citizen board as an advisory park body. The elective welfare commissioner holds over until January 1. The manager named a new deputy commissioner and after January 1 will name the head of the department.

No efforts have been made to establish a county health department. The outgoing Democratic supervisors set up a county board of health under the public health law, but its action brought public protest, the new board appropriated no funds for the new health board and its status now is in litigation. Management of the county tuberculosis sanatorium by an independent citizen board could be changed under the law, but present plans contemplate its continuance. The board appoints the sanatorium superintendent.

Suits brought by the holdover county treasurer, auditor and deputy welfare commissioner to prevent reassignment of their duties under the terms of the act were dismissed by the Court of Appeals. A taxpayer's suit contesting the constitutionality of the Buckley act on the ground that administrative powers of the board of supervisors were improperly transferred to the manager, is in the Supreme Court and will be carried to the Court of Appeals.

Substantial economies are expected from the replacement of former elective officers by lower paid appointed subordinates, but since, except in the case of the treasurer, these officers and their salaries continue until January 1, these economies cannot be realized in the first year.

The grouping of all fiscal operations into one department and the consolidation of all public works functions under a professional head are expected to increase economy and efficiency of operation. This set-up was completed on September 1 of this year so that its results cannot be appraised.

The people of the county have adopted a waiting attitude on the plan. So far no serious criticisms have been made and no reports of results have been possible. The county has many acute problems. One of the chief of these is the existence of 430 special improvement districts in suburban towns with a bonded indebtedness exceeding $15,000,000.

COUNTY ASSUMES TAX DEFICITS

Most of these districts are undeveloped and the county under the Court of Appeals Amherst decision has had to assume their annual tax and assessment deficits. The county's tax revenue debt as a result of this delinquency has been estimated by the bureau of municipal research to amount on December 31, 1936, to $3,780,000, with a possibility that it may mount close to ten million dollars by 1949.

A citizen committee appointed by the city manager has studied the situa-

(Continued on Page 595)

New York's Struggle for County Home Rule

After a quarter of a millenium the door to improved county government has been forced open through constitutional amendment

SEABURY C. MASTICK

Chairman, New York State Commission for the Revision of the Tax Laws

THERE have been but two fundamental changes in local government in the state of New York, the first when the seventeen towns mentioned in 1664 in the Duke of York's laws, with other territory, were incorporated into the ten original counties on November 1, 1683 and the other when the constitutional amendment providing for county home rule was adopted in the election of November 5, 1935. During this period of 252 years the number of towns has grown from seventeen to 935 and the number of counties from ten to sixty-two, the population has grown from ten thousand to nearly thirteen millions and the wealth has grown from beaver skins and Indian corn to figures which would make the fabulous riches of Sindbad the Sailor look like the window of a five and ten cent store. And yet during this whole period of a quarter of a millenium the fundamental structure of town and county government has remained the same in spite of the increase in numbers of governmental units, increase in population and wealth and the requirements of a complex civilization.

While this fundamental structure of both town and county government may still meet the requirements of those units of small population and simple needs, it no longer fits the requirements of those units where the population has changed from rural to industrial with the consequent increase in expense and complicated mode of living.

The Duke of York's laws related almost entirely to the administering of justice and it was not until additional functions began to be given to the counties that any question of a different form of organization naturally arose.

One pattern of government for all towns of all sizes and conditions and one pattern of government for all counties having fundamentally diverse interests is no longer satisfactory. While there is an obvious advantage in uniformity in government there is also an obvious advantage in fitting the government to the particular requirements of the respective units of government.

Since becoming a state, New York has been governed under four constitutions, adopted in 1777, 1821, 1846 and 1894 respectively. The first state constitution made few changes in the provincial system other than those necessary to establish it on a popular basis, but the powers of the governor were curtailed, especially his powers of appointment and veto. These limitations worked unsatisfactorily and their removal or modification were among the principle changes effected in 1821. Under the first constitution the decentralization of administration, which began early in the colonial era, continued without interruption, and under the second it was checked by a few measures only. Under the constitution of 1821 a great number of local officers were appointed by the governor with the advice and consent of the senate. The choice of most of these was transferred to the people in 1846. Under this constitution the theory of local self-government was more fully realized in New York than at any other time up to the adoption of the 1935 constitutional amendment. The constitution of 1894 made important changes in the judiciary and in the government of cities but made little change with relation to local self-government.

It was not until the constitutional convention of 1915 that the need of change, especially as to county government, found full expression.

The problem with which the constitutional convention had to deal was one which had been growing in complexity for two and a half centuries but which had become increasingly important and complicated during the last half century. Since this constitutional convention the problem has been increasing in importance at a constantly accelerating rate.

TANGLE OF JURISDICTIONS

Let us outline this problem so as to show in a measure the tangle of jurisdictions then and now existing and the number of officials required to administer the various forms of government.

There are fifty-seven counties outside New York City, each county having the usual constitutional officers of county judge, county clerk, district attorney and sheriff. In addition some of them have a surrogate and all of them have a county commissioner of welfare and a county treasurer together with the various deputies required to carry out the duties of the respective offices. However, this is not a complete enumeration. Each of the counties is divided into towns and there are 935 towns, each of them having a supervisor, from two to four justices of the peace, one to three assessors, a town clerk, a tax collector, a superintendent of highways and other minor officials. Each of the towns is divided into school districts and there are approximately eight thousand of these, each with one to three trustees, a clerk, a treasurer and a tax collector. In addition to these units of government there are 554 villages with their complements of officials, and fifty-nine cities, the village partaking of a dual town and village form of government while the cities are independent of the town government. Overlapping these jurisdictions, especially in those adjacent to the cities, there are more than twenty-five hundred special districts providing for light, water, fire, sidewalks, garbage and similar functions, generally governed by a board. In many cases the boundaries of one district, whether school or special district, overlap those of another.

This complexity of government, together with the multitude of elected and appointed officials, attracted more and more attention to the necessity of devising some more efficient form of government where real responsibility could be lodged for the functions to be performed.

In spite of the growing realization of the necessity for some change it has taken 269 years from the date of the first modification of the fundamental plan of local government to the opening of the door for any desired change by an adopted constitutional amendment. This first modification was made in 1666, two years after the promulgation of the Duke of York's laws, when the original set-up of one constable (supervisor?) and eight overseers (justices of the peace?) constituting the town board, was changed to one constable and four overseers, an arrangement which persists with only change of name to this day. At the other end of this long period is the constitutional amendment adopted in 1935 giving the counties the right to prescribe their own form of government.

It is not to be implied that in the interval between these two dates nothing was done or that no agitation for change was made. It is not possible to go into all of the details of suggested changes which have been made over the years. Some of the high spots only can be noted and the rate of accelerating interest emphasized to show the growth of public opinion in this matter up to its culmination in 1935.

Let us begin with the constitutional convention of 1915 which took up the revision of the constitution of 1894 to which reference has been made.

STATEMENT OF PROBLEM

In the proceedings of the convention the following statement of the problem was made: "The proposition which was presented to the committee on county government was how to provide for the most populous counties in the state a better system of administration and at the same time not disturb the great bulk of the counties, which desire no change. The chief difficulty, the chief fault which is found with the largest counties of the state is that the county government does not work well in its administrative features. While with the legislative features of it there has been some fault, yet on the administrative side there has been a great deal of fault found. Now, this measure before us does not disturb the so-called constitutional officers, that is to say, the district attorney, sheriff, county clerk, or the judiciary. It does not affect the supervisor as a town officer; it does not seek to provide any iron-clad plan or plans for a different form of government. It simply aims to confer upon the legislature power to work out for counties, some plans or plan of government which shall not be arbitrarily imposed upon the counties, but which shall be imposed on counties only in case the electorate vote to accept such plan of government."

And it was proposed that the solution be met as follows: First, that the legislature should be required by the constitution to provide optional plans of county government, any one of which any county might adopt by a vote of the people; second, that the legislature should in such plans confer upon the board of supervisors or other governing body in such county such powers of local legislation as the legislature might deem expedient; third, that the constitution should require that no such plan of government should be imposed on any county until approved by the electors thereof, and that no amendment to any plan of government should affect any county which had previously adopted such plan unless such amendment was accepted by such county, or unless such amendment related to some state function; fourth, that the constitution should require that all laws relating to the government of counties should be general both in terms and in effect except that special or local laws relating to such government might be passed, but should take effect only on approval of the county affected.

PROPOSALS NOT ACCEPTED

While these proposals in the light of the present seem eminently reasonable, nevertheless they were not accepted by the people when submitted to them for approval. It should, however, be noted that this proposal was not submitted alone but accompanied by many other suggestions so that the refusal to adopt the county government amendment may not have been due solely to opposition to this proposal.

The next official notice of the problem is found in a report of the Special Joint Committee on Taxation and Retrenchment submitted to the legislature April 1, 1920. Members of this committee made a special report on retrenchment in city and county government and in the section on county government brought out again the same points referred to in the constitutional convention and made similar recommendations. They again recognized that county government was one thing in urban counties and quite another in purely rural counties and stated that: "The old system of county government has broken down entirely in the purely urban counties, and leading citizens and civic bodies in those counties are already actively urging corrective legislation. In the purely rural counties the present county government is functioning satisfactorily, and consequently there is very little sentiment for a change. The mixed counties, (Albany, Monroe and Oneida), however, are in a most unhappy state. In them the old county system is slowly cracking under the tremendous and rapidly growing administrative burdens created by the rapid development of these counties." The committee came to the following conclusions:

"1. That governmental needs of the counties of this state vary so greatly as between semi-urban sections and the purely rural sections that a single form of county government cannot be applied successfully to all the counties of the state. A system which meets the needs of Westchester, Nassau and Erie counties, will be far from satisfactory for Clinton and Schoharie counties, while the reverse must be even less satisfactory. The natural variety of the counties demands similar elasticity in their governmental organization.

"2. Under the present provisions of the state constitution a satisfactory reorganization of county government to meet the needs of the urban counties is impossible."

However, again nothing happened so far as any legislative or constitutional action was concerned.

It was not until 1932 that the question of local government reorganization again came to the fore. The Temporary State Commission to Recommend a Revision of the Tax Laws, appointed in 1930, soon discovered that any retrenchment of expense was necessarily accompanied by a reorganization of local government and in 1932 its powers were extended to consider the problem of local government reorganization.

ECONOMY THROUGH REORGANIZATION

In its third report submitted to the legislature Feb. 15, 1933, the commission considered the question of economy through reorganization of local government and criticized the existing system, its criticisms being substantially in line with those made in the constitutional convention of 1915 and in the report of 1920. It recognized that the unsatisfactory conditions which had existed for such a long period of time needed change to make it possible that each community—whether county, town, city or village—might be able to develop for itself, without handicaps handed down from the years gone by, the form of government which it most desired and which was most suited to its own conditions.

In this third report of 1933 among other bills submitted to the legislature by the commission was one providing for a new optional form of county government which could be adopted by any county within the limits of the then existing constitutional provisions. These optional forms, in short, provided for a county executive or county manager, either elective or appointive, and for the establishment of certain departments within the county among which the county functions were to be distributed. It made no change in the town government or in any of the so-called constitutional officers including the board of supervisors.

The commission further caused to be introduced in the legislature of 1933 a proposed constitutional amendment relating to local government, substantially in the form adopted by the people in 1935.

The bill providing for optional forms of county government was not favorably considered by the legislature. Neither was the proposed constitutional amendment favorably considered.

The commission continued its agitation for local government reorganization and for a constitutional amendment in its fourth report submitted February 15, 1934 and re-submitted in connection with its report of that year its proposed bill with reference to optional forms of county government and the proposed amendment to the constitution.

For a second time neither of these proposals was accepted by the regular session of the legislature although in the extraordinary session of 1934 the proposed constitutional amendment as prepared by the commission and submitted by its chairman who was then a member of the senate, was finally adopted.

The commission still persisted in its effort to provide for a new optional form of government and re-introduced its bill for a third time in 1935. This time the bill was passed. But one county, Monroe, has taken advantage of the provisions of this bill and it is yet too early to make any definite conclusions.

The constitutional amendment was, in accordance with the constitution, passed a second time by the legislature of 1935 and was voted on at the November election of that year when it was carried by a very large majority, going into effect on January 1, 1936.

The commission, in the legislature of 1936, submitted a proposed form of optional charter for the counties but its bill was not adopted, another one being substituted in its place which does not go as far as the commission bill. In accordance with the provisions of the new constitutional amendment any county may submit its own charter as one of the optional forms and several counties have such charters in course of preparation. Two of such charters were submitted in the session of 1936 for Erie and Nassau counties. The Erie county charter was not passed but the Nassau county charter was passed and is to be submitted to the electorate in the November election of 1936.

STRUGGLE ENTERS NEW PHASE

The amendment of 1935 opens the door wide for county home rule. But no law and no constitutional amendment is self-executing. It will take time to convince the electorate of the respective counties that any proposed change is desirable. If the permission granted by the amendment is to be taken advantage of, a continuous and sustained interest must be maintained to work out patiently the final solution of the problem. It has taken many years to reach the result now attained but it is hoped that from now on progress will be more rapid and that the complexities of local government may resolve themselves into an orderly and consistent system which will give an efficient and economical government to all the communities of the state.

A Physician Examines the Coroner

The diagnosis shows a feeble and ineffective office holder whose life should not be prolonged

OSCAR T. SCHULTZ, M.D.
Chairman, Committee on Medicolegal Problems, Institute of Medicine, Chicago

SKEPTICISM of the character of the work of the coroner's office has led to many local studies of the office. The earliest of these led to the abolition of the office in Massachusetts in 1877. In 1911-12 a joint committee of five physicians named by the Cleveland Academy of Medicine and five lawyers named by the Cleveland Bar Association made a study of the coroner's office of Cuyahoga County, Ohio.[1] [2] Among the most important findings that later surveys elsewhere proved to have a fundamental and general bearing were: failure to adapt the laws relating to the office to contemporary conditions; lack of clear definition of the jurisdiction and authority of the coroner; inadequate performance of the technical medical and magisterial duties of the office; and lack of coöperation with other agencies of judicial administration. A later investigation[3] of the same office reiterated the faults uncovered by the earlier survey and noted that no improvement whatever had occurred in the intervening period of ten years.

The consolidation of territory contiguous to Manhattan into the Greater City of New York led to intolerable conditions in so far as the office of coroner was concerned because a number of coroners had jurisdiction in the metropolitan area. In 1915 the commissioner of accounts presented the results of a survey[4] of the office. The inquiry was a searching one and the denunciation of the office was scathing. Malfeasance, incompetence, inefficiency, extortion, and petty graft are harsh terms but they were freely used.

A study of the coroner's office as it functions in Missouri[5] published in 1926 (important because it included not only the office in populous St. Louis County, but also that of rural counties) reiterated findings of the New York investigation and those in other communities. The National Research Council's bulletin[6] of 1928 included studies of the coroner's office in Chicago, New Orleans and San Francisco, these cities having been selected as representative of more populous jurisdictions of the central, southern and western sections of the country. In each locality the local survey was made by a local physician and an attorney-at-law, who submitted their reports to Dr. Oscar T. Schultz and Prof. E. M. Morgan acting for the National Research Council's committee on medicolegal problems. Condemnatory findings approached a state of monotony. The findings were succinctly summarized as follows: "Our own investigation into the conduct of the coroner's office in the communities selected for study, as well as the previous reports from other localities, gives clear evidence that even under the best of conditions the work demanded of the coroner is improperly done. The faults are inherent in the system, and are not necessarily those of the individual who may happen to function as coroner. The satisfactory coroner is such in spite of, and not because of the system, under which he works; if to the faults inherent in the system are added those of an inefficient official, then the results are lamentable and subversive of justice."

---

[1] "The Coroner's Office," Efficiency Series, Report No. 2, The Municipal Association of Cleveland, 1912.

[2] Schultz, Oscar, T., "The Coroner's Office," Publication No. 713, Am. Acad. Polit. and Social Science, Philadelphia, May, 1913. Also in *County Government,* p. 112. Am. Acad. Polit. and Soc. Science, Philadelphia, 1913.

[3] Adler, Herman N., "Medical Science and Criminal Justice," Part V, Cleveland Foundation Survey of Criminal Justice in Cleveland, 1921.

[4] Wallstein, Leonard M., "Report on Special Examination of the Accounts and Methods of the Office of Coroner in the City of New York," City of New York, 1915.

[5] Moley, Raymond, "The Sheriff and Coroner," Part II of the Missouri Crime Survey published for the Missouri Association for Criminal Justice, Macmillan Company, New York City, 1926.

[6] Schultz, Oscar T. and Morgan, E. M., "The Coroner and the Medical Examiner," Bull. No. 64, National Research Council, Washington, D. C., 1928.

CORONER'S OFFICE ANACRONISTIC

The first of a number of recommendations made was that the office of coroner be abolished as an anachronistic institution which had conclusively demonstrated its incapacity to perform the functions customarily required of it.

In a study of the general medicolegal situation in the United States,[7] undertaken for the National Research Council and published in 1932, it was necessary once again to devote attention to the coroner's office, more particularly from the viewpoint of determining how that office fits into the general medicolegal system and whether it has any features that might permit its adaptation to an improved system of medicolegal procedure. The records of the coroners' offices of Chicago, Cleveland and Philadelphia were examined and a thorough personal survey of conditions in Hamilton County (Cincinnati), Ohio, was made at the request of the local coroner and of a group of civic organizations interested in better government. It was the same old story of ineffectiveness and inefficiency repeated in the same old way in the case of those localities not previously surveyed, and with absolutely no improvement in those jurisdictions that had previously been examined.

IMPROVEMENT IN TWO CITIES

It is only fair to record that improvement has occurred in very recent years in San Francisco and Cincinnati. In January 1932 there became effective in San Francisco County a new home-rule charter under which the coroner became an appointive official, serving for life or during good behavior. In the 1932 study of the medicolegal situation in that county it was predicted that removal of the coroner from the group of elective county officials would lead to better functioning of the office. The greatly improved conditions that now obtain in that office have recently been described by Dr. Jesse L. Carr.[8] Facilities for microscopic work have been provided, the records and filing system of the office have been greatly improved, the medical work is of high quality, and the working arrangement with the medical school of the University of California is advantageous to the public service of the coroner's office and to the teaching of legal medicine in the university. The coroner's office of San Francisco has become an outstanding example of the improvement that can be brought about in an old system under a modernized form of county government.

---

[7] Schultz, Oscar T., "Possibilities and Need for Development of Legal Medicine in the United States." With a supplement on "University Departments in the Field of Criminology," Bull. No. 87, National Research Council, Washington, D. C., 1932.

[8] Carr, Jesse L., "The Coroner's System," *Calif. and Western Med.*, 43:274, October, 1935.

Revision of the laws under which the coroner must function and abolition of the coroner's jury would thoroughly modernize the coroner's office of San Francisco. But whether it ought then still be called a coroner's office may be questioned. The coroner would, in effect, be a medical examiner, even if his title remained unchanged. In several respects the San Francisco office still falls short of the ideal system.[9]

MEDICAL SCHOOL COÖPERATES

The survey of Cincinnati revealed improvements made and contemplated that resulted from an awakened civic conscience, which had had a salutary effect upon city and county offices. The newly elected coroner was a physician who was not a politician and who had been drafted for public service. Under an Ohio statute applying only to the two most populous counties of the state, he appointed as coroner's pathologist a junior member of the department of pathology of the University of Cincinnati. The county commissioners closed the coroner's morgue in the county building and designated the morgue of the Cincinnati General Hospital, which is the teaching hospital of the university, the official coroner's morgue. The head of the department of pathology is consultant to the coroner. The close coöperation of the university medical school and hospital with the coroner's office has brought about greatly improved conditions. But the coroner must still operate under antiquated laws and he is still an elective official. The present coroner cannot be expected to sacrifice his professional career for a minor political office. The election of the usual politician type of coroner might quickly undo the good work of the past four or five years. It is to be noted in passing that the present efficient coroner of Hamilton County is a strong advocate of abolition of the office.

CAUSES OF INEFFECTIVENESS

The reasons for the ineffectiveness of the present coroner's system are bound up with the early history of the office. It is English in origin, dating back certainly to 1194 and probably to the time of Henry I. In those early days knighthood and the ownership of real property were prerequisites for holding the office. Later the qualification of knighthood was deleted. Still later and today the English coroner must be a qualified barrister or physician. Originally elective, the office is now appointive, the tenure being for life or during good behavior. The coroner is eligible for pension after five years of service.

Although the English system has the favorable factor of appointment, indefinite tenure, professional qualifications, and pension, the office is held to be not effective by many English authorities, and from time to time abolition of the office is proposed in Parliament. Even without official abolition the office is passing into obsolescence. In discussing this matter Bruce Smith has stated: "Equally important has been the provision of technical advisers skilled in legal medicine by the Home Office to the local police forces throughout England and Wales."[10] There is thus a tendency to ignore the coroner and to refer local medicolegal problems directly to the Home Office.

---

[9] Schultz, Oscar T., "Why the Medical Examiner, Instead of the Coroner?" *Calif. and Western Med.*, 43:275, October, 1935.

[10] Smith, Bruce, "Rural Crime Control," Institute of Public Administration, Columbia University, New York, 1933, p. 204.

It was the old English office of rural county coroner with which our forebears were familiar and which they transplanted when they emigrated to this country. From the original colonies the office was transferred to the political subdivisions later established.

The laws relating to the English coroner have been revised from time to time. That has not been the case in this country. Usually adopted at the time a state or territory was organized, the laws relating to the coroner have remained basically unchanged. In the meantime a rural civilization has become largely urban, a change that has brought with it the difficult problems of organized crime engendered by congestion of population. A fundamental fault of the American coroner system is the failure to revise laws to meet contemporary conditions.

The elective character of the office, its short tenure, and its minor significance in many jurisdictions are further causes of ineffectiveness. In rural counties the office often goes to anyone who can be persuaded to accept it. Since it is the undertaker's business to handle dead bodies, the rural coroner is often an undertaker, a state of affairs that has been severely critized by Moley.[11] Even in large cities the coroner's office is usually a plum that goes to some petty adherent of the dominating political machine and one who lacks the robustness of political immorality that may characterize the holders of more important offices.

DUTIES IN TWO FIELDS

In most states no qualifications are required of the coroner other than that he be a resident of the county. Duties in two highly technical and different fields fall into the province of an official who may have no ability in or knowledge of either. The duties are in part medical and in part legal or magisterial. It is the function of the coroner in his medical capacity to determine the causes and circumstances of certain kinds of deaths. Determination of the cause of death requires the skill of the trained pathologist. When a medicolegal question is involved, administration of justice should accept nothing less than the highest possible scientific accuracy of a pathologist trained in this special field. He should know not only pathology, but should have facilities for toxicologic, bateriologic and serologic examinations when these are necessary to determine a cause of death. The average coroner or coroner's physician has neither the ability properly to perform a medicolegal postmortem examination nor the facilities for scientific work. The result is medical records that have no legal value as evidence or scientific value as medical documents.

The magisterial duties of the coroner consist in the holding of an inquest or inquiry into the circumstances surrounding death when criminal or negligent responsibility may be involved. He may examine witnesses and in many states may subpoena them or hold them for the grand jury. The importance of such an investigation is not to be denied, but it should be carried on by trained police investigators and not by one who has so little knowledge of the conduct of a quasi-judicial procedure or of criminal investigation as the average coroner.

Many states require that the inquest be held in the presence of a coroner's jury. Under the English system the right to trial by jury is looked upon as the most important bulwark of individual liberty. The coroner's jury can usually do no more than transmit its findings or make recommendations to some other agency of justice. It does nothing that must not be done again by prosecutor, police, or grand jury. The necessary investigation can be made much better by these agencies and should be made by them from the very beginning, before the coroner and his jury have had an opportunity to muddle things. The jury inquest, judged by its results, is in general useless and often pernicious. It has been said that the jury acts as a check on the coroner. What usually happens is that an inefficient coroner is balanced by an unintelligent jury, a condition that would not seem to be of much value in the safeguarding of liberty. Justice is more equably meted out and liberty less jeopardized under a system that makes use of neither coroner nor coroner's jury.

---

[11] Moley, Raymond, "The Sheriff and Coroner," *ibid.*

GOVERNMENTAL SCRUTINY NECESSARY

In all but a few backward sections of the country government requires the registration of all births and deaths. A properly qualified person, who has been in attendance before death, must furnish the death certificate. The health department or the bureau of vital statistics has the right to refuse to accept the certificate if the latter does not conform to accepted nomenclature or if there is anything to arouse suspicion. There are other deaths in which government denies the physician the right to sign a death certificate and another group in which he cannot honestly supply the data necessary for a legal death certificate. Those instances in which a physician may not sign the death certificate are the deaths due to violence. And those in which he cannot supply a proper certificate are the deaths of persons who have not been attended by a physician or other licensed practitioner prior to or at the time of death.

VIOLENT DEATHS

The underlying principle back of official investigation of violent deaths is the determination of criminal or negligent responsibility. No one will deny the authority of government to take cognizance of every death in which there may be a suspicion of criminal homicide. The necessity for investigation is evident since the entire question of criminal responsibility may hinge upon determination of the cause of death. A decision upon this point cannot be reached without medical examination performed in such manner as to leave no question of its scientific character. When death is apparently due to suicide, investigation is necessary. A supposedly suicidal death may be the result of the act of another or it may be due to criminal negligence. When death follows abortion or miscarriage, this fact must be determined since the abortion may have been criminally induced.

When death has been brought about by casualty, matters are not quite so clear. By statute in most states such deaths are subjected to investigation. In a few states investigation is required by statute but a coroner's inquest is prohibited. The possibility of criminal negligence or the adjudication of claims under workmen's compensation acts or accident insurance contracts makes scientific investigation of such deaths by an impartial agency desirable.

SUDDEN DEATH DUE TO NATURAL CAUSES

It is in deaths that occur suddenly without evident suspicious circumstances and when a physician has not been in attendance upon the deceased prior to or at the time of death that the authority and duties of the coroner are least clear. By usage, if not by statutory warrant, such deaths are usually referred to the coroner. The reason for such a procedure is evident. Suspicious circumstances may have been overlooked or hidden. Even if there are no such circumstances, a physician who may be called while the patient is dying or has already died cannot state the cause of death for the purpose of issuing a death certificate. Upon what is often the most cursory examination and questioning the coroner may authorize the physician who may have been called to sign a death certificate or he may refer the case to the bureau of vital statistics or he may himself authorize the issuance of a death certificate. In any event the ultimate responsibility falls upon an agency of government. If the determination of the cause of death is not to be a matter of guesswork, postmortem examination is necessary. If such examination reveals a non-violent cause of death, further investigation is unnecessary and the entire problem has been one of medical examination and not of any sort of magisterial activity.

PROPORTION OF DEATHS REQUIRING INVESTIGATION

The 1932 study[12] included a statistical analysis and tabulation of a year's work of the three medical examiner offices of New York City, Suffolk County (Boston), Massachusetts and Essex County (Newark), New Jersey; and the three coroners' offices of Cook County (Chicago), Illinois, Philadelphia, and Hamilton County (Cincinnati), Ohio. In Cook County a court decision has greatly curtailed the coroner's authority in the investigation of death due to natural causes and limited the work of this office to violent deaths. The figures for this jurisdiction do not therefore truly reflect conditions as they exist elsewhere.

In the remaining five jurisdictions the total deaths referred to the governmental agency of the coroner or medical examiner was 12 to 20.9 per cent of all the deaths that occurred in the five political units. The average of 17.7 per cent is not a negligible factor in the vital statistics of any community. Of the deaths referred for investigation, 37.6 to 56.7 per cent (average 46.2 per cent) were classified as violent. Homicide accounted for 1.6 to 6.5 per cent (average 3.4 per cent) of all deaths investigated; suicide for 5.4 to 9.5 per cent (average 8.1 per cent); and casualty for 30.3 to 40.7 per cent (average 34.6 per cent). Abortion which is not included under the violent deaths constituted only 0.7 to 1.1 per cent (average 0.8 per cent). Nonviolent deaths, which include those found to be due to natural causes, made up 42.5 to 59.4 per cent (average 50.4 per cent) of all deaths referred for investigation.

The necessity for governmental scrutiny of deaths is evident when one considers that approximately 17 per cent of all deaths in a populous jurisdiction are actually subjected to official investigation even under present unsatisfactory conditions. Ordinarily the average citizen gives no thought to the office of coroner and may even be unaware of its existence until some particularly atrocious murder brings the coroner into the limelight. And yet the investigation of criminal homicides constitutes only about 3 per cent of the work of the coroner's office. Important as such deaths are in the administration of criminal justice, numerically they are an almost negligible fraction of the work of the office. No suspicion of foul play or violence enters into half the deaths that must be investigated by the coroner.

DEATH CERTIFICATES SIGNED ILLEGALLY

This proportion would be even larger if physicians did not permit themselves to be persuaded to sign death certificates which they have no legal right to sign, and which they sign to prevent someone from becoming a "coroner's case." With the constantly mounting toll of deaths due to automobile accidents and with the progressive increase in the death rate due to diseases of the circulatory system, the most frequent cause of sudden death, it is within the range of possibility for almost any family to have one of its members become a "coroner's case." We have the right to demand that when such an unfortunate occurrence makes investigation necessary, the latter be done in as careful and scientific a manner as possible and with due regard for the feelings of relatives.

---

[12] Schultz, Oscar T., "Possibilities and Need for Development of Legal Medicine in the United States," *ibid.*

In half the cases referred to the coroner, the necessary investigation is wholly a medical matter. In the remaining half, the deaths due to violence of one sort or another, the basic and fundamental investigation is also medical in character. The further investigation of circumstances in violent deaths should be left to, and should be undertaken from the very beginning by the police, the constabulary, the prosecutor and/or the grand jury. If the magisterial functions of the coroner are transferred to these other agencies there would remain as the essential duties of the coroner only the medical examination into the cause of death. The office would no longer be a coroner's office but would be a medical examiner's office.

THE MEDICAL EXAMINER PLAN

Recognizing the ineffectiveness of the coroner's office, Massachusetts abolished the office in 1877. In the place of the county coroners the act provided two full-time, salaried medical examiners for Suffolk County, in which Boston is situated; and for other counties as many medical examiners on a fee basis as the county board deemed necessary. In 1918 the medical examiner system was put into effect in New York City, a single chief medical examiner replacing the several coroners who had previously had jurisdiction. In 1927 the medical examiner system became effective in Essex County (Newark), New Jersey.

The advantages of the medical examiner system over the coroner system are numerous and obvious. The medical examiner is an appointive official who is as free of the vagaries of politics as it is possible for an official to be under our system of government. The appointment is by an elective agency of government, but with a tenure longer than that of the appointing agency, or by a civil service commission, the period of service being indefinite. Boston's two medical examiners have served continuously for many years. The first chief medical examiner of New York City held office continuously from 1918 until his death in 1935. The chief medical examiner of Essex County, New Jersey, has served in this capacity since the office was established in 1927.

The functions of the medical examiner, as the name indicates, are limited entirely to medical examination, undertaken for the purpose of determining the cause of death. If, as the result of such examination, death is found to have been due to natural causes, a death certificate is authorized and the case is closed. If death is found to have been caused by violence, the facts are immediately transmitted to the prosecutor and proper police officials, who can undertake an investigation unhampered by a coroner's inquest.

Under the medical examiner system it has been possible to obtain in New York City, Boston and Newark the services of physicians thoroughly trained in pathology. Through continuous service they have become expert in the difficult field of medicolegal pathology and have rendered increasingly valuable service to their respective communities. Being expertly trained they know how to apply the auxiliary sciences of toxicology, bacteriology and serology, any or all of which may be called into play in determining the cause of death.

There is thus already in operation in this country a method of procedure which emphasizes, by contrast, the ineffectiveness of the coroner's office. The medical examiner system is no new experiment and has clearly established its superiority over the antiquated coroner system.

THE RURAL PROBLEM

The administration of justice in rural communities presents a number of problems relative to the coroner's office. When Massachusetts adopted the medical examiner system it was made statewide in its application. But this was before the days of modern transportation and it was felt that as many as thirteen part-time medical examiners were necessary in outlying counties, although only two were considered necessary for Suffolk County. A reduction in the number of examiners to one per county or even one to several counties would result in improved functioning.

In different parts of the country several forms of modernized county government are being tried. It is a difficult matter to fit the coroner's office into a businesslike form of county administration.

The prosecutor, the sheriff and the coroner deal, not with local policies or with problems of local business, but with the administration of state laws within the county. It has therefore been suggested that these three officials constitute a county unit of judicial administration, preferably appointed by a state agency or commission rather than selected by the local voters. While such a scheme might bring about better administration of the office of coroner, it would not solve the medicolegal problems of the rural county. The volume of the work done by the coroner in such a county is so small that even if the coroner were replaced by a medical examiner under a modernized form of county government, no one qualified to do expert medicolegal work could be induced to act as medical examiner. And yet the single criminal homocide of a rural county requires and should receive just as expert investigation as a larger number of similar cases in a metropolitan area.

Functional consolidation might present a solution of the problem.[13] With modern transportation facilities a single examiner could cover more than one county, if two or more contiguous counties could be consolidated into a medical examiner district. The size of such districts would be influenced by population, area, population density, and industrial and highway conditions. If the headquarters of such a district were in a centrally located city of fair size, it would probably be possible to obtain the services of a well trained hospital pathologist as medical examiner.

STATE INSTITUTES OF LEGAL MEDICINE

The most highly trained pathologist cannot adequately perform the medicolegal work of a community without proper laboratory facilities and personnel. In densely populated jurisdictions the volume of such work may be great enough to warrant the maintenance of an adequately equipped and staffed laboratory. The cost of such an organization would be prohibitive for a rural medical examiner's office. This problem

(Continued on Page 608)

---

[13] See Schultz, Oscar T., "Reform in County Government and the Coroner's Office," *Am. J. Clin. Path.*, 5:316, July, 1935.

Shall We Save the Township?

Measuring its cost against value received, shall we save the money spent in township operation?

ARTHUR W. BROMAGE *University of Michigan*

THE town or township, which is found for the most part in the middle Atlantic and middle western states, is a political subdivision of the state of smaller geographical extent than the county. It is commonly classed as a quasi-corporation by the courts. In some of the middle Atlantic and middle western states, the township is designated as a town. This leads to confusion since the word town is sometimes applied, outside New England, to incorporated villages. In this article the word town is used interchangeably with the term township according to the practice of the state under discussion. The township of the middle Atlantic and middle western states must also be distinguished from the New England town. The former has less extensive powers. Its area in the middle west is more regular, since many civil townships follow the lines of the congressional township six miles square. The township was the product, in part, of the land survey policy formulated in the Ordinance of 1785.[1]

Most of the arguments in favor of the abolition of the township are directed against this institution as it is known in the middle Atlantic and middle western states. Such is the vitality of the town and the weakness of the county in New England, that few would suggest the transfer of town functions there to the counties. A case could be made out for the consolidation of many towns in New England, but not for the abolition of town government. Elsewhere, the townships, hailed by Thomas Jefferson as "pure and elementary republics," are political curiosities in a day when the federal government concerns itself with the social security of the average man.

During recent years students of local rural government have ranged themselves into two factions, not always at daggers' points but undeniably opposed to each other. Some have taken a walk from one faction to another, and others may be contemplating a stroll. One side advocates county consolidation, county managers, and the abolition of township governments in order to revitalize the county in the middle Atlantic and middle western states. For this, they have been chided as sentimentalists attempting to carry horse-and-buggy ideas over into this century. The other faction maintains that salvation lies in state centralization. Their plan is to bring the functional activities of counties and townships more and more under state operation or state administrative supervision. Recognize the county as a state administrative district; forget it as a unit of local self-government. Allow the township to be drained of all major functions still in its possession; leave it as a hollow shell and a hallowed memory. Neither faction concedes any quarter to the township.

---

[1] In 1932, according to William Anderson, Illinois had 1,481 townships; Indiana, 1,016; Iowa, 1,602; Kansas, 1,550; Michigan, 1,268; Minnesota, 1,973; Missouri, 345; Nebraska, 506; New Jersey, 236; New York, 932; North Dakota, 1,470; Ohio, 1,337; Oklahoma, 969; Pennsylvania, 1,574; South Dakota, 1,177; Washington, 73; and Wisconsin, 1,289. *The Municipal Year Book,* 1936, p. 131.

In 1933 it was said that: "Home rule, managers, departmentalization, and consolidation are the issues of the day in county affairs. . . . Together they constitute a composite plan for revitalizing the county. . . . Disorganization of townships and transfer of their functions to counties would strengthen the latter. Such a program should induce more vigorous county government. If, however, the program is to be otherwise with a transfer of functions to multi-county functional districts or the state, the county will fade into a mere administrative district of the state."[2]

CENTRIPETAL FORCES AT WQRK

During the three years from 1933 to 1936, the fading of county government has been more apparent than the revitalization. A few county executives have actually been established in California, New York, and Virginia. County consolidation has been at a standstill. There has been progress, but progress at a slow pace is not enough in view of the centripetal forces at work. On the one hand, inertia and political opposition have blocked the way to county reorganization. On the other hand, the need for federal and state financial assistance for functions, once treated as a local responsibility, has encouraged the drift to centralization.

How will townships fit either into a program of reorganized local governments or into the process of federal and state centralization? Experts in functional activities tell us that the county unit is the lowest common denominator for roads, health, welfare, education, and police administration. Students of taxation often find that the township does not return a commensurate value in services for revenues obtained.

ADDS COST WITHOUT SERVICES

A comparative study of eleven Illinois counties with and seven Illinois counties without townships, was based upon taxes levied in 1931 for general governmental purposes other than schools and highways. The per capita cost of government in the counties without townships was $1.84 while in the counties with townships it was $3.83.[3] A subsequent study of Illinois counties with and without townships concluded that: "The general indication, from the comparisons made, is that township organization adds to the cost of government without the addition of a commensurate service."[4] A third study found that three Illinois counties with townships, in contrast to three without townships, had an excess cost of 47 cents per capita for expenditures mostly of a general administrative or overhead nature. Since this difference constituted the additional cost of township organization for which no essential service was rendered, the township was declared to be "neither a necessary nor an economical governmental unit."[5]

A 1933 report to the Michigan Commission of Inquiry into County, Township, and School District Government held that the township had become an unnecessary and hence a costly and wasteful unit of government. It was considered detrimental to the interests of the local taxpayers to maintain an institution, the costs of which were largely for administrative overhead.[6]

---

[2] A. W. Bromage, "American County Government," 1933, pp. 284-285.

[3] H. S. Hicks, "County Organization vs. Township Organization," p. 4.

[4] M. H. Hunter, "Costs of Township and County Government in Illinois," 1933, University of Illinois Bulletin, XXX, no. 18, p. 31.

[5] H. K. Allen, "Costs and Services of Local Government in Selected Illinois Counties," 1936, University of Illinois Bulletin, XXXIII, no. 44, pp. 49-50.

Reporting in 1935, the Indiana State Committee on Governmental Economy had this to say by way of summary and recommendation: "A careful study of the data presented in preceding chapters and of the experience of Indiana and other states in the administration of local government seems to indicate that the following changes, all of which might be effected by legislative action, are desirable: 1. Transfer of the administration of township schools and outdoor poor relief from the townships to the county. As has been pointed out in an earlier part of this report these two activities, since the transfer of township roads to the county, constitute the only major functions of township government."[7]

FEW TRAINED WORKERS

With respect to towns in Minnesota, Professor William Anderson pointed out that in 1931-32 some nineteen thousand officers were serving nearly two thousand of these units. Aside from constables and justices of the peace, about twelve thousand officers were handling five or six million dollars a year. Because of small funds and the nature of the work, few towns could afford trained workers. "As a result, a great deal of the work is necessarily done by rule of thumb. In a number of cases this is undoubtedly economical and sufficiently effective for the purpose." In contrast to this, Professor Anderson pointed to the criticism of the towns for their indifferent performance of property assessment, road construction and maintenance, and public relief work, and for their "almost complete neglect of such functions as public health and law enforcement." He concluded: "As far as towns are concerned it seems that, although for administrative reasons some of their more important functions should be transferred to other units, they may still have useful functions to perform in the political life of the people, and as centers for the formation and expression of public opinion on questions of local concern."[8]

In North Dakota, functions of the civil township have been generally transferred to other units. "Those which do remain to the township, it can no longer perform efficiently; yet township organization costs the rural people of North Dakota from one and one-half to two million dollars per year. Approximately fifteen thousand people are drawing pay for the performance of duties which are of little significance. . . The red tape of township government hinders efficient administration on the part of the county. Under the present economic distress, the cost of township government is a burdensome and injurious expense."[9]

The Pennsylvania Local Government Survey, as part of its special recommendations on local units made the following suggestions for second-class townships: (1) that their chief function, local highway administration, be placed under permanent qualified roadmasters, (2) that the electors of each county have an option to continue townships or adopt a county unit plan, (3) that the number of second-class townships be reduced to not more than 500, and (4) that a new district type of government under a central state agency be provided for areas, such as private and public forest land, in which "population and taxable resources have reached the vanishing point."[10]

---

[6] A. W. Bromage and T. H. Reed, "Organization and Cost of County and Township Government," 1933, p. 125.

[7] Report of the Indiana State Committee on Governmental Economy, 1935, p. 149.

[8] William Anderson, "Local Government and Finance in Minnesota," 1935, pp. 80-81, 318.

[9] James A. McCrae, "Township Government in North Dakota", *Quarterly Journal* 23 (1932-33), University of North Dakota, p. 200.

The New York State Commission for the Revision of the Tax Laws has cited as a desirable objective that "each unit of local government in New York State perform those functions which it can perform most efficiently and most economically." In general, the Commission's findings are against the township as an efficient and economical unit of administration. In its 1935 report this body stated: "The Commission's inquiries have revealed beyond all doubt that there are certain functions which in general can be operated more cheaply and efficiently by counties than by towns.[11] This is true of highway construction and maintenance, of the twin functions of assessment of property and collection of taxes, of police protection, and the administration of public health and welfare."[12]

NUMBER OF TOWNSHIPS DECREASING

Statistics for the last few years indicate some recession in the number of townships. Recent constitutional amendments and statutes stand for the continued game of whittling away township functions. In Oklahoma a constitutional amendment of 1933 deprived townships of all power to levy taxes except for existing bonded and judgment indebtedness. Township roads in that state have been transferred to county administration. In Minnesota, an act of 1933 requires the dissolution of civil townships in which assessed valuation is less than $50,000, tax delinquency more than 50 per cent, or state title extends to 50 per cent of the real estate. As a result, some seventy townships have been discontinued in northern cut-over counties.[13]

In Michigan the constitutional township highway commissioner hears his death knell. In 1936 a five-year plan was completed to absorb township highways into county road systems. Township highway commissioners must content themselves with settling (at two dollars per day) disputes between neighbors over the repair of line fences, seizing animals at large on public highways, and performing sundry minor duties. To the contrary, the Indiana State Association of Township Trustees and allies recently blocked a proposal to transfer outdoor poor relief from township trustees to newly-created county welfare departments.[14]

While township officers may win battles here and there, can they hope to win out against the process of attrition? Bit by bit the townships are worn down to make way for the county unit. The savings thereby obtained are not enormous, in terms of our gargantuan federal, state, and local expenditures. Nevertheless, in terms of services rendered, it would appear from the surveys and reports that the township is an unwarranted expense, however small. On the other side of the scales is the value of the township as a training school of democracy and a center of community life. How much is this worth in an era of big business, and federal and state centralization? Accordingly as one speaks in terms of tradition or in terms of finance, he will save the township or save the money.

---

[10] Pennsylvania Local Government Survey; in "Transactions of the American Philosophical Society," New Series, 25 (1935), 8.

[11] Commissioner Moore dissented.

[12] New York State Commission for the Revision of the Tax Laws, *Sixth Report*, 1935, p. 30.

[13] William Anderson, "Local Government Units," The Municipal Year Book, 1936, p. 133.

[14] C. F. Snider, "Indiana Reorganizes for Welfare Administration," NATIONAL MUNICIPAL REVIEW, 25 (1936), p. 427.

Erie County, New York Deals in Real Estate

Aggressive measures are taken to restore value to overburdened real estate

ELWYN A. MAUCK

Staff Member, New York State Commission for the Revision of the Tax Laws

Five years ago, Erie County, New York, launched a venture quite at variance with the usual functions of county government. The tax delinquency problem in the suburban towns (townships) surrounding Buffalo had become so pressing that the board of supervisors authorized the foreclosure of tax liens owned by the county. As a result, Erie County now holds title to more than eleven thousand parcels of land, with foreclosures continuing at a constantly accelerated pace. The second phase of the venture, namely, resale of the lots, also is progressing at a notable rate through a gradually expanding market. Over two hundred lots have been sold, the majority during the past year, and prospects indicate increasing future sales. Erie County now is permitted to have no choice in the matter—it is very definitely and completely in the real estate business.

The tax delinquency problem grew primarily as the result of the activities of real estate promoters during the last decade. Subdivisions were created prematurely, and public improvements were installed upon vacant lots, the costs being levied against the property ostensibly benefited. The arrival of the depression merely accentuated the difficulties created by this unwise procedure. The roseate picture of beautiful homes rising in constantly expanding suburbs simply failed to materialize. The costs of the public improvements, however, remained to be paid. In many instances such costs imposed annual taxes and assessments equal to 50 or 75 per cent of the assessed values of the vacant lots upon which the burden was placed. This type of property could not possibly sustain a tax burden of such dimensions, and within a few years most of it had accumulated delinquent taxes far in excess of the value of the property. Under these circumstances, redemption of the parcels was impossible, and some governmental action canceling a large part of the accumulated burden was a necessary prerequisite to restoring the property to a tax-paying basis.

Although the towns were instrumental in creating the special districts and the costs accompanying the public improvements, the county bore the brunt for the non-payment of taxes and assessments. This inequity resulted from state statutes authorizing town tax collectors to receive state, county, and town (including special district) taxes only for an initial period, after which all unpaid taxes had to be "returned" to the county treasurer. The town collector paid nothing to the county treasurer until the town tax levy was met in full, and if the latter amount was uncollectible, the county, under the famous "Amherst decision," had to pay the town government the difference between the town levy and total collections made within its jurisdiction. In theory, the county could reimburse itself through the returned tax roll, but in practise there existed no such recourse. Following attempted collection by the county treasurer, the next legal remedy was sale of tax liens, but since generally the liens were not considered good investments, the county, being unable to sell them, had to retain them in lieu of cash. After a period of two years the holder of the liens, namely, the county, had the option of foreclosure.

TAX COLLECTIONS INSUFFICIENT

The necessity for action upon the problem which had developed in the suburban towns by 1932 was shown by the fact that the four towns contiguous to Buffalo had collections of 67 per cent, 60 per cent, 60 per cent, and 75 per cent of the tax levy at the time of the lien sale. The lowest point reached was 52.82 per cent by one of the towns in the following year. Since these collections were insufficient even to meet the town expenses, the county received none of its levy from the towns, and, in addition, had to pay them the difference as stated. The tax collections in 1933, 1934, and 1935 continued in approximately the same percentages, and at the end of the last year the county found itself holder of tax liens amounting to $12,003,601.50. In a total of twenty-five towns and three cities, the four towns under consideration were responsible for $9,506,773.90 of the above amount. Furthermore, county foreclosures of tax liens upon vacant lots reduced the amount of the tax certificates in these towns by more than $2,000,000. The four towns represent only 11.7 per cent of the property valuation of the county.

No additional agencies were created in 1931 to administer the new function assumed by the county government. The first step, title searching, was entrusted to private companies, thus protecting the county from loss through subsequent suits based on defective titles. The next step, foreclosure proceedings, required the appointment of two deputy county attorneys. During the first year the small appropriation did not permit the hiring of an adequate staff, but in subsequent years the county attorney's office has had a sufficient annual appropriation for this division of the work.

For the third step, the creation of a real estate board was suggested, but the plan was abandoned in favor of entrusting the Erie County Board of Equalization with custody of records which would form the basis for negotiations regarding disposal of the lots. The board installed a complete set of records in loose-leaf volumes showing for each parcel its assessed value, an appraised valuation made by the board, amount of delinquent taxes with year and purpose of levy, and the future debt service burden upon the property. These records were supplemented by maps showing the location of all county-owned and privately-owned properties.

Before foreclosure proceedings actually were instituted, considerable effort would be expended in an attempt to reach an agreement upon the delinquent taxes, although current taxes were not subject to compromise. The Erroneous Tax Committee of the board of supervisors, after a thorough investigation of the property, would negotiate with the owner in an effort to restore the property to a tax-paying basis. For example, in the first substantial compromise, negotiated in 1933, the reduction of 37.5 per cent of the accumulated arrears was allowed on a tract of land upon which no taxes had been paid for ten years. One condition of the agreement, however, was that the owner should construct ten houses within a specified period. In fulfilling the condition, he built, not ten, but forty-seven, and sold all of them to persons desiring homes. The transaction, in addition to restoring the land to a tax-bearing status, added $140,000 to the tax rolls of the local governments.

GUIDES ESTABLISHED

Since there were many lots varying widely in the number of years of delinquency, in the amount of the delinquent tax burden, and in other features, the county officials had to establish certain administrative practices to guide their actions. Thus only property with unpaid taxes covering a period of three years or more was considered for foreclosure. For the purposes of economy, it was the practice of the county to select a large tract of delinquent lots held by a single owner. By following this practice the county acquired a few improved properties. Individually-owned lots, besides being more expensive to forclose, had better prospects of becoming taxpaying again in the future. Large tracts, vacant, long delinquent, and involving suit against only one owner, generally were selected as the "dead" property against which foreclosure proceedings should be brought.

Foreclosure had the effect of removing the "dead" property from the town tax rolls, though it remained subject to all special assessment levies. The county profited in that after foreclosure it paid only the special assessments, while previously, through reimbursing the towns for delinquent taxes, it had to pay both special assessments and taxes. The removal of this "dead" property from the town rolls permitted the resulting tax rate and assessed value of taxable property to reveal the true financial condition of the towns. The burden of providing the town services was returned from the county to the towns by this procedure while the cost of the improvements in the county-owned subdivisions still had to be borne by the county. The result appeared to be a much more equitable distribution of the burden.

In the sale of lots, which has become increasingly active in the past year, the county encourages building and home ownership. The prospective purchaser is given a lower price if he agrees to build a home within a limited length of time. This agreement is enforced by giving the purchaser merely a short-term lease upon the property. If he has begun construction at the end of the period, he is awarded a quitclaim deed. If he has not begun to build a home, the payment made or a portion thereof is retained as rental for the period of the lease. The purchaser is granted also the alternative of paying a higher price to obtain title to the property.

FEW LOTS SOLD

Although the county is willing to sell to persons wishing to build themselves homes, very few lots have been sold upon this plan. Practically all sales have been of large tracts to investment builders. They are given a longer period in which to improve the lots, and are allowed terms better adapted to their requirements. Thus in a recent sale involving sixty lots, the builder agreed to have single-family homes constructed within a period of two years. A step-up plan was developed in regard to the price.

The first twenty lots to be improved were sold at $550 per lot, the second twenty at $600 per lot, a third group of ten lots at $650, the fourth group of ten at $700, and the remaining ten lots at $750. The theory of the step-up plan was that construction upon the first lots would increase automatically the value of the remaining lots. The builder deposited $1000 with the county treasurer as evidence of good faith, such amount to be applied to the purchase of the last ten lots upon completion of the program. It was agreed that deeds to the lots would be transferred to the builder as rapidly as construction was completed and payment tendered to the county.

ERIE COUNTY FORTUNATE

Erie County is fortunate in that many of the more burdensome bonds issued by the improvement districts were of a short-term, serial type. Although it created temporary difficulties for the towns involved and for the county, it permitted financial readjustment within a comparatively short period. Many paving bond issues have matured or now are reaching their final maturity dates. Practically all of the lots sold are supplied with paved streets and sewer and water connections, and they lie in the districts in which most of the debt service burden created by these improvements has been met. To the extent that the expenditure for such improvements is not fully reflected in the price of the lot, the purchaser receives such improvements for only part of their cost. Taxpayers of the county must bear the remainder. This is an almost inevitable result of the over-expansion and premature subdivision experienced in the last decade.

It is not to be inferred that the county is disposing of its property at whatever price it can receive. On the contrary, it is very careful to observe that its activities do not undermine the real estate market. Such care is necessary to protect the equity of home owners and taxpayers, while a contrary course would encourage further tax delinquency. Although it does not expect to recoup at the present time the losses being sustained on the lots sold, eventually it hopes that the revival of the real estate market will offset present losses. It hopes additional offsets will include the advantages resulting from restoration of the lots to the tax rolls and the increase of taxable values through the building of homes.

Still other benefits may be obtained by the county through the ownership of the vacant parcels. Where the subdivision is unimproved and clearly premature, the property can be returned to farm land. A recurrence of subdividing in the too near future will probably be retarded by state legislation upon the subject recently enacted. Another very important power is that of regional planning. This function, which has received tremendous impetus during the last decade, can be assisted greatly by public ownership of properties in the areas of future development. Not only will the zoning problem be simplified but boulevards, parks, schools and playgrounds can be built without excessive costs due to the private purchase or condemnation of real estate. The county, through ownership of land, will be able to control very easily the development of the communities to fit them into a master plan devised for the region.

With the program regarding the foreclosure and resale of vacant parcels progressing satisfactorily, the county now is turning to the problem of delinquent taxes on farms and improved lots. With the general revival in economic activity, it is believed that much of this property should be able to make a satisfactory adjustment. If adjustment fails, the county intends to foreclose upon the property in the same manner as is being followed at the present time

(Continued on Page 595)

Governmental Research and the Citizen

A plan for public coöperation in applying results of research

S. HOWARD EVANS

Payne Fund

THE successful development of a highly important body of technical information has brought governmental research workers to the next step in the full orientation of their movement within the framework of democracy. This is securing public coöperation in applying to government the results of their research.

To the extent that such coöperation has been withheld up to now, the explanation may well be that most of the research has been carried on without a sufficiently close relation to the democratic process. While individual citizens have been consulted about specific projects there has seldom been any extended public discussion of the problems on which research has been done, either for the purpose of determining the importance of the problem or of canvassing in advance the possible value of the findings. And even as research men have been indifferent to the need for any consultation with the people, the people have shown a large capacity for indifference to research studies when they have been completed.

One of the best ways to get public acceptance of research is to give the people a keen sense of participation in the work which is being done. Many will say, and with ample precedent with which to support their claims, that there is no basis on which this can be done effectively. But precedent need not continue to bind the future. What we need is a new method of citizen participation based on the new conditions with which we are faced.

Governmental research men will probably agree that the governmental research procedure for finding a satisfactory method of citizen participation is that of making a job analysis of participation. By this process the various functions are established, the total problem is broken down into a number of lesser and simpler problems, and the steps required for a solution are made clear.

Making such a job analysis has led me to the conclusion that citizen participation can be related to any particular governmental problem if the consideration of that problem is divided into three distinct functions as follows: (1) investigation to secure all the relevant facts, (2) the widest possible public discussion of the facts, and (3) action predicated on the discussion of the facts. Each of these functions can be separately and to a large measure independently performed. Each can be combined with the other functions to form a step-by-step procedure.

I am not proposing that some new and complicated machinery be created to investigate, discuss, and act on governmental problems. I am simply suggesting that adequate treatment of any of these problems in a democratic country where majorities ostensibly rule, requires the application of all three functions. I am suggesting that a framework should be established through which existing organizations qualified for particular functions can coöperate with other organizations qualified for different functions to secure a complete consideration of any given problem.

The governmental research bureau for instance is particularly competent to perform the first function of investigation. While it also may be competent to discuss the results of such investigation, its engaging in that aspect of the total job is apt to accomplish less than would the inexpert but more representative discussion of groups of men and women who could generate political pressure. For the governmental research worker to enter the field of political action would not be in keeping with the tradition of his job and his professional equipment.

GROUPS QUALIFIED FOR INVESTIGATION

In addition to governmental research organizations there are some other professional and educational groups amply qualified for the function of investigation. For the most part they are associated with the institutions of higher learning. Thanks to free education in the United States every section of the country has educational centers competent to undertake certain kinds of investigation. While colleges and universities may not be completely equipped to render such a service at present, they could be adjusted to it with a minimum of inconvenience and expense.

Organizations particularly qualified for discussion may be found everywhere. They consist of women's clubs, men's luncheon clubs, fraternal orders, and agricultural, labor, educational, religious and social groups. All of them are concerned with problems of government. Each has local units scattered across the country so that discussion of any specific problem can be centered in areas of particular interests or given national attention as the situation may require.

ADHERE TO FACTS

The difficulty in discussion is not to find organizations, but to keep their discussion within the limits of the facts. They must be made to realize that mere discussion of a problem can seldom be raised above the level of a corner store conversation. They must also recognize their dependence upon the first function of participation, which is essentially fact-finding, to put their problem in such perspective that they can be intelligent about it.

The machinery for political action is already organized in the political institutions of the nation. Most of it is financed by the government. It is ready and waiting for the introduction of some procedure which will make it move toward the more orderly determination and administration of public policy. The functions of investigation and discussion separately performed in proper sequence should give it the kind of direction which it needs.

Such a scheme of coördination would impose some restrictions on research. In the first place it would require that the people to whom facts were to be turned over for discussion should have some voice in determining the subject about which facts should be collected. Whereas, the research bureau now consults with its board of directors before undertaking a specific project, as performers of one of the functions of participation it would also consult at least the leaders of the groups which were to perform the second function of participation. It would be open also to solicitation from such groups to initiate studies of their independent choosing.

In the second place, the findings would be handled differently. The bureau would not only prepare a scientific report on the results of its investigation but would also organize its facts in such a way that they could be presented to citizen groups for public discussion. This would involve the simplification of materials so that the total picture could be presented within a reasonable length of time and could be understood by laymen. It might involve the development of background information which could be given to members of the discussion group in advance to more fully prepare them for their function.

Within such limitations as these requirements impose research workers would be free to conduct their investigations exactly as they have been in the habit of doing. There would be no interference with their work, no attempt to influence their findings, and no threat to the professional standards which so painstakingly have been built up. On the contrary their efforts would be strengthened and fortified by the support which the coöperation of civic groups would give.

Details of the plan outlined above will have to be formulated in the light of the particular qualifications of the different groups and their willingness to accept responsibility. If the plan appeals to governmental research workers and it can be made to appeal to other groups which have a similar interest in the improvement of government, the details of coördination can be worked out readily.

Note.—The substance of this article was delivered as an address before the Governmental Research Association in Ann Arbor, Michigan, August 25, 1936. The author would appreciate comments or criticism.

SPOTLIGHT ON THE COUNTY MANAGER PLAN

(Continued from Page 571)

tion, however, and suggested a plan for foreclosing on the delinquent property, removing it from the tax rolls and refunding the remaining debt so that the rise of the tax delinquency debt will be halted. The county administration, though of a different complexion from the city administration, has accepted the committee's recommendations and the county manager will appoint a commission to execute details of the plan.

Some discussion of setting up a metropolitan water district, and a county or metropolitan policing system has been heard, but the public feeling, so far as it can be gauged, favors waiting for these further changes until the results of the reorganization already made possible by the adoption of the manager plan can be appraised, and until additional enabling legislation removing doubts on changing the sheriff's police powers is adopted by the legislature.

ERIE COUNTY

(Continued from Page 592)

in regard to vacant parcels. Undoubtedly, if this policy is pursued, the county will become the owner of many farms and improved lots in addition to its present holdings. It then will find it necessary to develop new administrative machinery and techniques for the different types of problems arising as the result of the improvements on the land. Since a greater proportion of the improved lots and farms are held by owners of single parcels, the costs of foreclosure per parcel necessarily will increase. Matters of upkeep and land utilization will be novel problems confronting the county. Erie County's solution of these problems may make another very interesting chapter in the history of American county government.

A Personnel Program for the County Service

Centralization of authority in the county government will make imperative the adoption of a better personnel system

H. ELIOT KAPLAN *Executive Secretary, National Civil Service Reform League*

IN NO unit of government has the merit system been more neglected than in the county service. Perhaps no unit of government has become so complex in structure or more lax in administration generally, than county government. None is more archaic. No unit of government suffers from such great diffusion and disjunction of operations. Yet the more than 3,000 counties in the United States with 150,000 employees are left with no scientific means for their recruitment and selection. This number of employees does not include another 150,000 employees of towns, villages and other small subdivisions which sooner or later must be consolidated under county control.

Little effort has been made to extend to these 300,000 public employees any of the modern practices or methods of personnel administration, or even business like control of payrolls. It is amazing to learn how many counties have no or little conception of the number of their employees or the extent of their annual payrolls for personal service.

Although some solution of the personnel problem has been approached in ten states and over four hundred cities throughout the country, only five counties, most of them in the south and west, have set up any machinery for sound personnel control. These are: Cook County, Illinois; Los Angeles County, California; Multnomah County, Oregon; Henrico County, Virginia; Alameda County, California; San Diego County, California; and Jefferson County, Alabama. Sacramento County, California, has just adopted a merit plan.

In some states the state civil service commission has jurisdiction over county personnel. In New York State the rules of the state commission have been extended to practically all the larger counties. In New Jersey the state commission administers the civil service law in eight of the larger counties. Although in Ohio the law corresponds rather closely to the New York State law and sets up a similar type of personnel control of the county services by the state personnel agency, the tendency has been, with the exception of two of the larger counties, virtually to ignore the county services. The civil service system in Cuyahoga County (which takes in the Cleveland district) is administered by the Cleveland Municipal Civil Service Commission with the approval of the state commission.

In California under the constitutional amendment adopted in 1934, counties are authorized to adopt its civil service provisions by referendum. None of the counties that had not had a civil service law prior to the adoption of the amendment have as yet sought to adopt the new law.

In county governments we have generally had about the poorest kind of government. Politics has been exploited to the highest degree. Nepotism has been practiced to the limit. Patronage has been rampant. Supervisory officials, as well as elected officers, have been compelled to give far too much time to the consideration of patronage. Incompetency of subordinates and waste have been the rule rather than the exception. Corruption, too, has found its place in the wake of spoils. Those who have had experience with public administration have had to conclude that it has become extremely difficult, if not virtually impossible, to exclude political pressure and other outside considerations without some centralized personnel control system such as the civil service laws provide.

NO ABSOLUTE PANACEA

Of course, the merit system of selection of public employees does not offer a panacea for the absolute elimination of politics. Nor is it an instrument of perfection that always insures the discovery of the most competent person for immediate practical performance, or the person with greatest potential capacity for executive leadership or administration. But what system is there that is better? It is no exaggeration to state that the merit system at its worst is still a wee bit better than the spoils system at its best.

For all practical purposes the personnel problem in the county service varies little from the personnel problem of the state or municipality. In the smaller units of government the tendency is to avoid any form of personnel control as unnecessary and expensive. Likewise the tendency in the smaller counties is to ignore any suggestions for improving the methods and practice of selecting subordinate employees. The spoils system has had little respect for form or unit of government. Patronage has been exploited as much in the county services as anywhere else—perhaps in even greater degree than in the state and municipal organizations. We are, however, not concerned here solely with the evils of patronage in county government. The same arguments that may be made for the elimination of patronage in the state and larger municipal governments can be applied to the county service.

MORE COUNTY RESPONSIBILITY

We are more concerned, however, with developing constructive personnel control in county government. With the elimination of many of the smaller units of local government—which is inevitable—the county unit is destined to take on greater responsibility of administration. Centralization of authority in the county government will make the adoption of a better personnel system imperative. The elimination of the smaller local units will focus greater public attention on the stronger and enlarged county government. Undoubtedly, one of the reasons why the county services have been so utterly neglected, not only with respect to their personnel problems, but other phases of public administration, is that the citizens have paid a great deal of attention to their municipal, town or village officers, while at the same time failing to hold their county officers to stricter account. The average townsman feels as aloof from the central county government as does the city voter from the state government. This indifference toward county government (with its diffused interests) has been in large part responsible for much of the maladministration in many of the county services. Residents of the towns, villages or even municipalities know of the political appointees that are foisted on them within their local unit. But how many of them really know of the political manipulation of appointments in the county service?

In the very small counties it is quite probable that with a county manager appointed on the basis solely of his qualifications to administer the functions of the local government there may be little need for some of the more refined methods and practices generally provided under the civil service law. A manager with a free hand to administer county affairs might often be found to complain that the restrictions entailed by civil service practices and procedure hamper rather than aid him. One could well appreciate the difficulties that such a county manager might encounter with a personnel agency whose theory of personnel control is solely the elimination of political considerations in appointments. In its zeal to overcome these influences it may go beyond reason to cover up the loop-holes, and in so doing merely hamstring the manager in his administration. But this need not at all be the case if the personnel problem is approached from a basis of efficiency and economy in administration, and not merely from the negative view of eliminating patronage.

COST OF PERSONNEL HIGH

What shall be the best set-up for the personnel agency in the county service, in order to get the best personnel at lowest cost? If we permit the county service to bungle along, as have many of the states and municipalities, the cost of personnel will increase out of proportion to the services rendered. Probably over $500,000,000 is spent annually for county, town and village employees. At least half of the cost of county government operations is consumed in personnel. Labor turnover is most expensive. One cannot estimate the losses that result from faulty payroll checking, abuse of sick-leave and vacation-leave, and the hopeless struggle to keep politically appointed employees attending to their jobs during political campaigns, (aside from the political work they sometimes do all year round at public expense.)

To effect a sound personnel system for the county we must provide these essentials:

(1) A central personnel agency equipped with adequate technical staff and with sufficient funds to administer the law effectively;
(2) A survey of the salaries paid to all public employees so as to classify positions properly according to title and compensation, so that those performing substantially the same services shall be grouped in one class and salaries fixed according to duties performed and responsibilities assumed;
(3) A compensation plan uniform in its application to all similar classes of positions with schedules of intermediate salary increments and designated lines of promotion to the higher grades and positions;
(4) Certification of payrolls by the personnel agency;
(5) Supervision and investigation of the administration of the law;
(6) Service ratings to determine performance on the job;
(7) A probationary period to supplement the competitive examinations conducted by the personnel agency;
(8) A properly conceived system for separations from the service through resignation, retirement or dismissal;
(9) An adequate retirement system;
(10) Uniform rules governing leaves of absence with or without pay; compensation in case of injury and vacations;
(11) Plan for training for the service;
(12) Plan for in-service training to develop talent for higher administrative and supervisory positions;
(13) Prohibition against political assessments and contributions, as well as undue political activity;
(14) Provision for a taxpayer's action to

restrain payment of compensation to persons unlawfully appointed or employed.

Among the suggestions that have been made for the set-up of the county personnel agency are the following:

(1) Control of recruitment, selection, promotion and separation from the service through a state personnel agency:
  (a) By direct centralization in and control by the state agency;
  (b) Through a local representative of the state agency within the county under the direct supervision of the state agency.

(2) A county agency consisting of:
  (a) A multiple bi-partisan civil service commission;
  (b) A personnel director.

In New York, Ohio and New Jersey, as has already been pointed out, the state civil service commission has jurisdiction over the county services. Largely through lack of facilities on the part of the state agency, and largely due to unwillingness of the legislative bodies to make adequate appropriations, the personnel system in counties in these states has been neglected. It has worked out perhaps best under the New Jersey law where the state personnel director has been able perhaps to give a little more attention to that part of the service.

In New York it has worked out fairly well in the larger counties, but it has been of doubtful value in the smaller counties. In Ohio it has failed utterly to come up to expectations.

DISCARD BI-PARTISAN COMMISSION

One should not jump at the conclusion, however, that the establishment of a local personnel agency is the ultimate solution of the problem. Except in the very large counties the cost of maintaining a well equipped technical staff for the personnel agency is too much to expect our fiscal authorities to accept without grumbling. It is no secret that in the smaller cities the work of the personnel agency has been perfunctory and in many instances worthless. This is no indictment of the system itself. It is due to reluctance to make available to the personnel agency the necessary personnel and equipment to do a real job. Coupled with that, of course, has been in many instances the unhappy selection of the members of the personnel agency itself. Too often the multiple bi-partisan civil service commission has been found inadequate as regards their qualifications, undesirable as regards their sympathies, and unwarranted in their political machinations. While there may be some advantage in having the multiple bi-partisan commission in the larger state and federal services, and perhaps even in some of the very large municipalities, there is no reason for extending that plan to the county service. We may safely discard the bi-partisan multiple commission as entirely unnecessary for the county service. The work of the personnel agency can be done with greater dispatch and with better results by a qualified personnel director than can be hoped from a politically selected (which is the case in most instances) multiple commission. Supposedly non-partisan in contemplation, it is partisan in actual practice. And how politically partisan!

COUNTY PERSONNEL DIRECTOR

Perhaps the ideal plan would be to provide for a personnel director for the county appointed either by the county manager, if there is one, or by the county council or board of supervisors. He would be in charge of all personnel matters other than the examining of candidates, which might be vested in the state agency. This might be provided for by legislation, or by arrangement with the state personnel department, if there is one. In the absence of such central state agency might not there be established a central examining board equipped with a qualified technical staff to conduct the testing and rating of candidates for all of the county services within the state? Such a central agency might also be used for the municipalities as well as the counties, and so make the cost of operations more economical for all. Such an arrangement would go far to help facilitate greater coöperation among the counties and encourage promotions, transfers and assignments from one county service to another. The possibilities are interesting. It might even permit the pooling of personnel for all county and municipal services and for various types of service, particularly temporary and seasonal positions. It would open the field to a real career service. It would coördinate the functions of the state, municipalities and the counties in the personnel field. It would make available to the counties and municipalities what few of them could afford to establish alone. It would not, as the home rulers feel, invoke a pernicious central rule or control over the counties. There need be no interference with the other phases of personnel administration within the county. The state agency would confine its functions, so far as the counties and municipalities are concerned, solely to the process of examining candidates.

STATE REPRESENTATIVE IN COUNTY

The appointment of a representative of the state personnel agency acting within the county has not yet been tried out in any state. The experience of the federal commission, however, in connection with its district managers distributed throughout the field services gives some hope that such a plan might work out fairly satisfactorily when applied to the county services within the state. It would virtually correspond to the plan already outlined except that the personnel representative of the state commission would be directly responsible to the state commission instead of the county authority. It is appreciated that this seemingly violates the general principle of sound public administration. It might also be urged that this would not permit of altogether pleasant coöperation between the county authorities and the state agency, and might even lead to friction and delay. There is much to be said for such criticism. It is not urged except where a strong state personnel agency has already been established. It might be the only practicable plan in a smaller state when the home-rule fetish has not been overworked beyond reason.

Where the personnel director is a representative of the state commission, there is no good reason why he may not be selected by the county authority, even though his responsibility may be directly to the state commission. This plan would at least have the advantage of giving the county authority more confidence in the system, and might result in better coöperation between the county and state agency.

Where a county personnel department or agency is decided upon it would seem reasonable to permit the county manager, if there be one, to appoint the personnel director and have him serve directly under the manager's supervision. The fear of domination by the county manager is highly exaggerated. Even if the personnel director were under his thumb, what of it? After all, the personnel director will generally be no better than the manager wishes the merit system to be administered. The responsibility is the manager's. In the absence of a county manager, the selection of the personnel director, whether by the mayor, council or board of su-

(Continued on Page 616)

Functional Consolidation in the Counties of Virginia

A frank discussion of the merits and disadvantages of joint administration of governmental functions as determined by pioneer counties in the movement

RAYMOND UHL

University of Virginia

CONSOLIDATION of counties is premised on the fact that many of the existing counties are too small and too poor to finance and carry on the work of county government adequately and efficiently. The following statement made by the New York Bureau of Municipal Research in 1927[1] holds true today:

> The plight of the poor county constitutes one of the most serious problems of local government in Virginia. The poor county spends little per inhabitant because it can afford little. It discharges the functions assigned to it by the state in much less adequate fashion than do its more prosperous neighbors. Nevertheless, in order to obtain even these inadequate results, it must tax itself more heavily than the wealthier county which maintains a higher standard of governmental service.

To cope with this situation two solutions have been suggested: first, that the existing counties be combined on a geographical basis and, second, that two or more counties coöperate by jointly administering separate functions of government such as health, wealth, welfare, and schools. It is my purpose to point out the extent and the results of functional consolidation in the counties of Virginia.

Recognizing the variance in economic wealth, population, and area of the counties of Virginia, the state department of health modified its previous plan of county health units to form in their places health districts which may consist of a single county, a combination of counties, or a combination of a city and county. There are now five joint health districts of this type. Functional consolidation of counties, consolidation of counties and cities for the administration of public welfare, has progressed materially. There are four district almshouses replacing twenty-three obsolete county homes and three public welfare units composed in each instance of a county and a city. It is significant that this latter type of consolidation between a county and a city has not proved to be satisfactory. Mr. Arthur W. James, Commissioner of Welfare reports:

> The consolidation of this function of government by county and city has not worked out well, the form of government, interests of a city and an adjoining county being so different.

He then adds:

> I feel sure that these difficulties would not be experienced in a consolidation of two or more counties.

A number of such welfare units have been worked out but none has yet been set up.

In school administration the school

---

[1] "County Government in Virginia." Report on consolidation and simplification prepared by New York Bureau of Municipal Research, 1927.

district has given way to the county as the unit. This tendency has been carried further and there are now fourteen combined school divisions involving twenty-nine counties.

The recent trial justice act adopted by the General Assembly makes provision whereby two or more counties or counties and cities may be combined under the jurisdiction of one trial justice. This simply follows out the plan of the circuit courts which are organized into some thirty-four judicial circuits including all the counties and cities of the state.

Consolidation of this kind is generally known as functional consolidation. This form of combination is not without merit. In a letter to Dr. G. W. Spicer, chairman of the Virginia Commission on County Government, the Director of Rural Health of the State Department of Health makes the following statement:

> The consolidation of counties in relation to public health work has been based upon three factors—area, population and assessed valuation of the property in the county. It has been our experience that many counties individually could not support a full-time health department, as the property valuation for taxation was not sufficient to produce an income to provide the expenses for a county health department. In other instances, the area and the population group to be served were not large enough to justify a full-time department.
>
> We have combined two or more counties in several instances in order that they may obtain full-time health service. This consolidation, of course, has been strictly from the administrative standpoint, the unit working in the two or more counties regardless of boundary lines. Unquestionably, greater efficiency in the administration of public health work has been obtained and there have been inaugurated full-time health activities in areas which otherwise would be without such services. In many instances where a full-time unit has been started in one county, to maintain this service it has been necessary to combine with another county, as it was not possible for the county to provide funds to carry on the work in a single county.
>
> We believe in Virginia that it will only be possible to provide health service to the rural population group if districts are formed of sufficient area and with a population group large enough to keep busy the personnel of the full-time health unit and, in addition, that the taxable property provide sufficient funds to meet the necessary expenses.

With respect to the establishment of the four district almshouses replacing the old county homes, the State Commissioner of Public Welfare makes the following significant remark:

> The highest per capita cost in the four district homes is lower than the average per capita cost of all the remaining almshouses in the state.

MERITS OF THE PLAN

What are the merits, if any, of functional consolidation? In the first place the creation of such functional areas makes it possible to map out the area which will give the best technical results. The area best suited for health administration may not be the best area for welfare administration or for schools. Consequently, each function can be organized on a basis which will guarantee a maximum of efficiency for that particular activity of county government.

Secondly, functional consolidation proceeds in piece-meal fashion to invade the activities of county government. It does not take away suddenly a group of functions, but removes them one by one. At the same time it does not involve a loss of identity on the part of the counties and of county officials. Hence, this form of consolidation is the type which courthouse politicians are inclined to favor. It must be said, however, that in Virginia where local health and welfare boards have been retained in the combined unit, there is much friction and a real impairment of the efficiency of the larger unit.

Opposed to the merits to be found in functional consolidation there are serious disadvantages to this type of consolidation. The very essence of functional consolidation is disintegration. Functional consolidation does not achieve a simplified plan of county government. Consolidated health units may not coincide with consolidated welfare units. Consolidated welfare units may not coincide with consolidated school units. The result is a picture of overlapping functional boundaries which the 1934 report of the Virginia Commission on County Government characterized as a "picture of local government as intricate as the erstwhile popular jigsaw puzzle." When the governmental picture becomes burdened with layer upon layer of special districts or *ad hoc* authorities, responsible government and democratic control become difficult, if not impossible of achievement.

DIFFICULT ADMINISTRATION

In the second place, functional consolidation makes difficult the work of the administrative officer in charge of such an *ad hoc* authority. He must deal with several boards of supervisors. He is dependent upon several boards for statement of policies and appropriations. At all times the unit itself is in danger of dissolution if all parties concerned cannot be brought into agreement. Under such circumstances it is remarkable that the administration of these units has proved as efficient as it has. Apparently, these movements are the best evidence of the inadequacy of the present county unit for the performance of these services and of the need for a larger unit.

There is little doubt of the wisdom of establishing judicial circuits which extend across county lines. But the problem with regard to the administration of justice, which is primarily a state function, seems to be on a different plane than health and school administration. Undoubtedly, much has been saved the taxpayers by such functional consolidations, but the fact cannot be ignored that these disadvantages are of the most serious nature.

STEP IN RIGHT DIRECTION

Functional consolidation is, however, a step in the right direction. It recognizes the inadequacy of the county as a unit for many of the services of county government. At the same time it creates units large enough to administer these functions. If these units can be so developed as to be co-terminous then the way is paved for geographical consolidation. Functional consolidation should be viewed as a transitional stage between the present county and the county of the future. Once these areas have proved their value, the insufficiency of the existing county as a unit of local government will become apparent and a more efficient, more economical and more adequate unit of local government will become a possibility.

Editor's Note.—Address delivered July 10, 1936, before the Tenth Institute of Public Affairs, University of Virginia, Charlottesville, Va.

Design for Country Living

Through planning rural America may yet be saved for less wasteful and more appreciative generations

PAUL W. WAGER

Chief, Land Use Planning Section, Resettlement Administration, Region IV

About two years ago C. A. Dykstra had a very inspiring article in the Review on the future of American cities. The article was entitled "A Greater City." It made one impatient with the ugliness, wastefulness and discomfort of modern cities and realize how through planning cities might be made attractive, comfortable and really fit for human habitation. It suggested to the writer how utterly void of planning has been also the development of rural America and how as a result the countryside, which is naturally beautiful and can be easily kept so, is in many places ugly, disorderly and unproductive.

Much of rural America is neither beautiful nor orderly nor economically stable because its resources have been exploited under a laissez-faire economy. For one hundred and fifty years our national policy, if it can be called a policy, has been to get all land, whatever its quality, into private hands. Unquestionably this policy has hastened expansion and development; but unrestrained exploitation of our natural resources has created many problems for the future—desolate wastes and ghost towns where once were great forests and booming industries, thirty-five million acres of land gullied beyond recovery by the ravages of erosion and one hundred and fifty mlllions more depleted of its fertility. Streams, once clear, are now dirty and sluggish with their burden of silt; game and fish, once so abundant, have become extremely limited, some species almost exterminated. Periodic dust storms warn of an inland desert unless grass is restored to the plains. There are abandoned farm houses and deserted villages where once were thriving communities, stranded populations because of exhausted mineral resources, rural slums characterized by living conditions as wretched as those of any city slum, isolated farmsteads on land so barren and unresponsive that the toil and sacrifice of the occupants never yield more than a meager existence. These are the conditions which exist because of unplanned and uncontrolled land use.

COUNTIES FORMED DURING EXPANSION

Most counties were formed during the period of expansion, when new territory was being occupied, new frontiers established. New units of local government were set up as a convenience to the frontiersmen. But when the burden of taxes began to be felt by the first settlers, they naturally sought to have the unappropriated land got into private ownership so that the cost of government could be shared by more people. The fact that the occupation of inherently poor land might prove a boomerang was apparently not considered. In order to encourage settlement and hasten development a subsidy was sometimes voted to a railroad. The fact that the railroad might result in a more rapid depletion of the virgin resources caused no concern. While the timber was being cut money was flush, optimism ran high and frequently bonds were issued to erect public buildings and make other public improvements. Knowing that the policy of the timber industry was to "cut out and get out", it may appear strange that the taxpayers did not insist on a pay-as-you-go policy. But it seems to be a characteristic of local government to borrow when money is cheap and pay when it is dear. At any rate, the old forest belts of the Lake States, the South, and even the Northwest are dotted with ghost towns in the midst of vast expanses of cut-over land with little reminder of their former glory except the unpaid bonds.

PLANNING LAND USE

Even where the devastation has not been so complete, there are few counties that do not have within their boundaries many idle acres. These may be in the form of abandoned farms, fields within farms that have been rendered useless by erosion or exhaustion of soil fertility, depleted woodlands, run down pastures, poorly drained bottom lands, or land unused or only partially used because it is in the wrong type of ownership. There is not now and may never be such pressure of population upon the land as to demand its most intensive use. It is desirable however that all land be put to some use and thus made to contribute to the support of the community in which it lies. Certainly it should not be permitted to deteriorate.

A sound land use program for a state or a county involves the same principles as a sound land use program on an individual farm. A good farmer applies the greatest amount of capital and labor to his best acres and the least to his poorest acres. Thus he devotes his choicest land to the production of truck, tobacco, small fruits, and other crops which require a lot of attention; he cultivates rather intensively all his fertile, well-lying land following perhaps a three or four year rotation; on his next grade of land, which may be more subject to erosion or more easily depleted through cropping, he follows a longer rotation leaving it in grass half or more of the time; some of his hillsides and thin soils he keeps in permanent pasture, liming and fertilizing frequently to keep a good sod and protect against erosion; his roughest land he keeps in trees and quite possibly there is a low wet place on the farm which he has converted into a fish pond, or at least into a haven for partridges, pheasants and other forms of wild life. Not only is every part of the farm making its contribution but each is being handled so that the resource is enriched rather than depleted with use.

SHOULD UTILIZE ENTIRE REGION

So should the land of an entire region or county be used. There are fertile valleys and lands adjacent to the cities that should be intensively cultivated—the latter even though they are not inherently of superior quality. The areas of exceptionally fertile soil should be producing truck, dairy products, and cultivated field crops. The areas adjacent to towns should be in small farms—some of them part-time farms—with the emphasis on truck, small fruits, poultry and dairying. The second grade of land should be in larger farms with more mechanical and less hand labor—typically a general diversified type of agriculture. The third grade of land should be in still larger operating units—with more emphasis on livestock than tilled crops. Still lower in the scale would be the areas suitable only for grazing, and below that areas so rough or infertile that they should be kept in forests. There might even be swamp areas or mountain crests unsuited to forestry but a fine habitat for game.

Area planning would break down the land of a county according to its use capabilities. Then after the use-districts have been determined governmental policy can be shaped to encourage the type of use recommended. Sometimes an area too poor to sustain agriculture may be converted into forest use by getting it incorporated into a state or national forest. Or it may be converted into a county demonstration forest. If the latter, the land might be acquired through tax foreclosure, gifts, purchase and exchange. The poor agricultural areas may be gotten into a more extensive type of use by tax policies and discrimination in the location of roads and schools. The superior agricultural areas may be gotten into more intensive use by the same devices.

ECONOMY ADAPTED TO LAND CONDITION

Only when each type of land condition is supporting an economy adapted to that land condition can there be a generally satisfactory standard of living and stable communities. If there are more people living in the area than the resources can support, the resource base will necessarily be depleted.

But over-population does injury to the people as well as to the land. Economic pressure is reflected in malnutrition, children retarded in their school work, privation, loss of pride, and crime. America has its rural slums as well as its city slums and both are largely the product of maladjustments in land use. Neither can be eliminated until people are distributed in proper relationship to natural resources and employment opportunities.

INDUSTRIES AID COMMUNITY STABILITY

While the number of families to be supported by agriculture or forestry in a given area should be limited to those that can be supported under sustained yield practices, the number may sometimes be increased by a certain degree of industrialization. Agricultural products might be processed locally more often than they are. Creameries, canneries, grist mills, cotton seed oil mills close to the source of raw materials, add the cost of manufacture to the community income and thus provide support for additional families. The extension of electric current out into the farming districts increases the feasibility of this sort of thing. However, care must be exercised in establishing processing plants of this character. If the volume of business is too small, if the activity is seasonal, if a market for the product is not assured, the venture is precarious. Moreover, an establishment furnishing only part-time employment may create a relief problem instead of enhancing community income. Generally speaking, an industry that furnishes steady employment to certain members of the family is a safer proposition than one dependent on the part-time employment of heads of families.

A local wood-using industry which has a capacity no greater than the annual growth of the timber in the area it serves and which fabricates the material which it buys is the ideal in community stability. Many examples of such an ideal may be found in New England. There comes to mind Forestdale, Vermont. Here is located a wood-using industry making a specialized product—I believe it is spools—which has been in existence for seventy-five years. It is owned by local capital, employs local labor, and buys the product of the farm wood lots of a considerable radius. The farmers have been encouraged to cut their trees selectively so long that now the forests are on a sustained yield basis and the timber supply for the industry is perpetual. With no denudation of the timber land, there is no silting of streams and reservoirs; there have been no serious floods; there is no tax delinquency; there has been neither inflation nor deflation of land value; and the community has hardly been conscious of the depression.

SUSTAINED YIELD IN FORESTS

The 170,000,000 acres in national forests are being restored to sustained yield as rapidly as possible. Moreover, the Forest Service is encouraging private owners to place their forest land on sustained yield. As an illustration, owners of 20,000 acres adjacent to the Monongahela National Forest in West Virginia are coöperating in a demonstration to this end.

Restored to sustained yield the forest areas of the United States can provide permanent part-time employment to perhaps a million families. Living in little neighborhoods of four to ten families on the edge of the forests or on the main forest trails they can enjoy a simple, wholesome and picturesque life close to nature yet within the reach of schools, churches and medical service. Devoting half of their time to the cultivation of small, self-contained farms they can produce an abundant food supply. Receiving a cash income for the other half of their time, they can provide their families with all essential comforts. There are not only vast areas in the United States that should be characterized by a forest economy with only enough agriculture to provide subsistence to the forest workers, but there are many small areas of similar character. The restoration to forest of these smaller areas of ten to fifty thousand acres that are better suited to forestry than agriculture, not only protects the land but lays the foundation for social stability. It transforms potential rural slums into pleasant, wholesome communities in a setting of sylvan beauty.

Similarly, natural pasture lands, restored to range and then not overgrazed, may support fewer people than are now there, but will support the smaller number more comfortably. Hilly areas demanding back-breaking toil and yielding low returns in cultivated crops, yet deteriorating steadily through erosion, can remain permanently productive when kept in grass. A livestock economy in such regions is therefore conducive both to conservation of resources and to human happiness.

REVITALIZE COUNTY GOVERNMENT

Perhaps nothing else can do more to give county government a new vitality than a land use plan. When citizens can be shown which portions of their county are now deficit areas and how each can be made self-supporting, they will support a program of government to effectuate that condition. It may mean that a few roads will need to be relocated, a few abandoned. It may mean the closing, through zoning, of certain areas of submarginal land to further settlement and assistance to a few families in getting relocated. It may even mean the withdrawal from agriculture of small bodies of good land if they are so isolated that their continued occupancy involves heavy governmental costs and needless privation for the families on these isolated tracts. It will mean rigid and consistent enforcement of tax foreclosure laws in order to discourage the speculative ownership of non-agricultural lands.

It will mean the consolidation of tax reverted lands through purchase and exchange in order to simplify their administration. Incidentally the improvement and development of land acquired by the county would permit the substitution of work relief for direct cash relief. It would also offer an opportunity for certain distressed taxpayers to work out their taxes. There is a great deal of other constructive work, such as road work and the improvement of school grounds, which could be done by delinquent and insolvent taxpayers. Even more beneficial than the work performed would be the gain in morale in the general body of taxpayers. It is conceivable that taxes might again be accepted as a normal and reasonable obligation rather than as a tribute to be avoided if possible.

WAYS IN WHICH COUNTY CAN AID

To encourage the fullest and best utilization of the land resources and their stabilization at the highest possible level there are other things that a county might do such as provide for coöperative fire protection, the teaching of vocational agriculture, and the rental of terracing and ditching equipment. It might even subsidize warehouses, processing plants, and lime grinding outfits, though it is generally better to secure these last mentioned benefits through voluntary coöperation. The least the county can do officially is to recognize and encourage these instrumentalities for improving the land resources and hence the tax base of the county.

County planning involves other things less tangible than physical changes in the land base but quite as important in increasing the productivity and hence the tax paying ability of a community. Chief among this class of items is to raise the level of the people in intelligence and skill. People with a fourth grade education make poor taxpayers. People with no trade or special training are severely handicapped in a competitive society. It is not without significance that a vast majority of the people on relief rolls are unskilled workers. In recent months many communities with heavy relief rolls have been unable to undertake constructive projects because the rolls contain no skilled workers. There are few counties that could not profitably give more attention to vocational training.

County planning boards, planned land use and rural zoning may be the instrumentalities which will not only give new vitality to county government, but which will remake the face of rural America. To check the wastage of soil fertility, to conserve and renew the forest resources, to reclothe the hillsides with a mantle of green and make the rivers and streams run clear again, to eliminate the rural slums, to bring the blessings of electric power to rural farms and villages, and to effect a balanced economy in every rural area are efforts worthy of the highest statesmanship. Indeed, the reclaiming of a continent should be as challenging as the initial conquest.

EXAMINES CORONER

(Continued from Page 584)

can be met only by the establishment of state medicolegal institutes such as have been recommended by the American Bar Association and the American Medical Association. The centralized institute should be part of the state university or public welfare system. To such an institute the district medical examiners could submit their problems for expert advice and their materials for scientific laboratory examination.

Rural Zoning In Wisconsin

Surveys, maps and public discussion precede the passage of zoning ordinances which raise problems of constitutionality and of administrative organization

MARY C. TRACKETT

Columbia University

Among the long-range measures inaugurated by local governments under the immediate pressure of economic exigency, county zoning—at work now in Wisconsin and California and contemplated in a number of other states—is one of the most interesting. The first attempts at county zoning in Wisconsin were patterned upon the California experience, when the Wisconsin legislature in 1923 passed the zoning enabling act permitting cities to zone their unincorporated periphery; under this authority Milwaukee county, in 1927, zoned the suburban fringe of the city of Milwaukee. However, the problems to which zoning has subsequently been applied are those of the great rural areas of northern Wisconsin, in the old lumber regions. The forests of these northern counties were "mined" by the lumber barons of the late nineteenth and early twentieth centuries, and the expected advance of agricultural settlement into the cut-over lands never took place as a permanent and prosperous affair. Haphazard settlement of the cut-over areas, based on industrial development and markets that left the region with the going of the lumberjack, led to recession of agricultural settlement, depopulation of towns and rural areas, tax delinquency, shrinkage of the tax base, and mounting per capita government costs. Thus, a major problem facing local governments is the reduction of government costs by compacting agricultural settlement; and the essential feature of the Wisconsin law is the fact that it zones against agriculture, providing for the actual removal from cultivation and habitation of (1) land submarginal for agriculture, and (2) land suitable for agriculture but located far from the centers of settlement.

The zoning enabling act was thus amended, in 1929, to permit any county to zone its land for agriculture, forestry, and recreation.[1] It was not until 1933 that advantage was taken of the new law, when Oneida County enacted its ordinance—the first county in the United States to pass regulative legislation involving undeveloped and strictly rural land. The movement spread rapidly; the Oneida County ordinance of July 1933 was followed by a similar ordinance in Vilas County in January 1934, and in Langlade County in March 1934. By June 1936, twenty-three counties had approved zoning ordinances and a total of 4,668,760 acres had been closed to agriculture.

PREPARATION FOR ZONING

The mechanics of zoning a rural county involve two distinct parts, the first connected with bringing about the passage of the ordinance, the second with its administration. The initiative is taken by the county board of supervisors. In Langlade County a resolution adopted in July 1933 instructed the county forestry committee, the county agricultural agent, and the district attorney to "secure the active coöperation of the University of Wisconsin and the conservation department in the preparation of a tentative zoning ordinance for Langlade County to be submitted for consideration of the board of supervisors at their annual meeting in November, 1933."[2] In Taylor county a resolution of November, 1930, provided for a county land committee, consisting of the county treasurer, the county clerk, a member of the forestry committee, a member of the finance committee and the county agent to act as the formulating and administering agency for a proposed zoning ordinance. The procedure has been essentially similar in other counties.

---

[1] Wisconsin Statutes, Chap. 59.97.

PUBLIC AGENCIES PREPARE SURVEY

"Active coöperation" of the University of Wisconsin and other public agencies has involved not only the faculty of the College of Agriculture, but the State Department of Agriculture and Markets, the State Conservation Commission, the State Geological and Natural History Survey, the Lake States Forest Experiment Station, and the Department of Public Instruction. These agencies, in the time between the adoption of the resolution and the passage of the zoning ordinance, prepare a more or less thorough survey of the county to be zoned. The resolution passed by the Marinette county board indicates the scope of this investigation: "An economic survey . . which will tabulate by townships their trend of agricultural development, local tax expenditures, assessed valuations, roads and school facilities from 1914 to 1928, present maps of soil classification, settlement, crop acreage, forest areas and idle lands."[3] This survey has not always been so thorough as the resolution would imply, but in a few of the counties a very extensive field study was performed: soils experts from the College of Agriculture examined and classified soil types with reference to their usability for agricultural crops and forestry; representatives of the Geological and Natural History Survey examined and classified the lakes and rivers, together with the fish and marine vegetation in them; the forest cover and the grasses and flowers of the county were inventoried and examined for trends in disease, and drouth effects were noted; the game ranging the county was considered; and the topography and geological situation of the county were examined by experts. At the same time, an economic survey was made; maps were prepared by people from the College of Agriculture through field surveys, showing the ownership of land—whether in public or private ownership, whether entered under the Wisconsin Forest Crop Law[4] or assessed as timberland, and whether tax delinquent or not. Maps were made of operating and abandoned farms, of the markets and schools of the county, of the public utilities, and of special industries such as wood-using industries in a timber county.

ZONING ORDINANCE BASED ON MAP

When this work had been done and put into usable form the committee appointed by the county board prepared a zoning map from the material assembled; this map, which specified the use (in terms of agriculture, forestry, and recreation, *i.e.*, restricted and unrestricted areas) of every "forty" in the county, was then made the basis of the zoning ordinance. The preamble of the ordinance read, "An ordinance regulating, restricting and determining the areas within the county in which agriculture, forestry, and recreation may be conducted, the location of roads, schools, trades and industries, and the location of buildings designed for specified uses, and the establishment of districts for such purposes, and the establishment of set-back building lines outside of the limits of incorporated villages and cities" and referred to the zoning map as being "as much a part of this ordinance as if the matter and things set forth by said map were all fully described herein". No further compilation was thereafter necessary, for, under the Wisconsin law, the county board may enact zoning just like any other ordinance. However, it has been thought better to bring the matter more directly before the people, and in each of the counties zoning has been put across by an extensive educational program based on the land economic survey. The results of the work, including maps, charts, and carefully prepared discussions of the significance of these materials, were compiled into various types of circulars and distributed through the State Department of Agriculture and Markets and through the extension service. These circulars, distributed without charge and used particularly by the county agent and the county board members to explain to individual farmers how zoning would ultimately reduce their taxes, undoubtedly exerted an important effect in the counties which now have zoning ordinances.

---

[2] "Langlade County: A Survey of its Resources and their Utilization," Extension Service Circular, Madison, 1934, pp. 59-60.

[3] "Making the Most of Marinette County Land," Special Circular, Extension Service, Madison, 1934, p. 1.

[4] For a description of this law, see "The Forest Crop Law," State Conservation Commission, Madison, 1929; also, "Forest Land Use in Wisconsin," Report of the Executive Committee on Land Use and Forestry, Madison, 1932, pp. 91-95.

PASSING THE ORDINANCE

The map and ordinance were presented directly to the people of the county, at town meetings organized by the town chairman and supervisor. The procedure in Langlade county is typical; members of the forestry committee, the county agent, and the extension forester of the College of Agriculture were at the meetings to explain zoning and present the preliminary draft of the ordinance and map. These preliminary meetings in the first place helped to acquaint the people who later would live in the zoned areas with the objects and purposes of zoning, since the tentative ordinance and map together with the supporting data from the survey were presented for open criticism and suggestions. In the second place, the people had an opportunity to participate directly in the drafting of the ordinance and delineating of the zones so far as their particular town was concerned; in fact, in later instances no tentative map was presented and the people, under the guidance of the county agent and the Agricultural College representatives, drew up both map and ordinance themselves.

COUNTY-WIDE HEARING

Following these meetings and the final drafting of the zoning ordinance and map, a final county-wide hearing was held so that all citizens might have an opportunity to voice objections and to have further questions answered. After these meetings had been held and after all town boards had approved the ordinance, the county board passed it, to become effective after publication (usually two or three months later) in the local newspapers.

ADMINISTRATION OF THE ORDINANCE

Administrative problems and mechanisms center upon non-conforming uses; due to the provision that zoning ordinances are not retroactive, the residents of restricted areas must be provided with governmental services as long as they continue to farm the land. Under most of the ordinances, the committee charged with zoning acts as the administrative body; it draws up a list of established non-conforming uses which is published in the local press, becoming official unless challenged within thirty days; and it prescribes regulations designed to enforce the zoning ordinance, setting up machinery to detect and prosecute violations. Its main objective is to make settlement within the county more compact; the enabling act provides for relocating isolated farmers by allowing the county board to exchange land acquired by tax deeds "for other lands in the county for the purpose of promoting the regulation and restriction of agricultural and forestry lands." A further duty of the administrative committee is to construct a forestry policy for the county. Langlade County has established six county forests, blocking off forest areas; Marinette County has entered forest areas under the Forest Crop Law, and most of the counties have taken steps to permit federal or state forestry. The administering agency finally sets out to reduce government costs by consolidation of school districts and planned control of roads and other services.

PROBLEMS RAISED

Two highly interesting problems are raised by this new departure in local government; the first is the question of the constitutionality of such a major extension of the police power, the second is the new administrative organization required if the movement is to be successful. There are no clues, from test cases or established precedents, to the validity of the law, and individual opinion is divided on the issue. An opinion rendered by the state attorney-general approves the movement: "The cut-over areas of northern Wisconsin speak as eloquently against haphazard development as any city condition. The spotting of these lands with remote or abandoned farms, resulting in sparsely settled districts with insufficient population or value to support roads and schools or to afford the comforts of living that this day should give to all; the misdirected efforts to farm lands not well suited to agriculture, with resulting personal grief and social loss; the far-reaching economic ill effects of stripping the state of timber, the fire hazard of the cut-over lands, and the fire hazard of human habitation in their midst, all cry out for planning, for social direction of individual effort."[5]

If the movement accomplishes its economic objectives it seems likely that the courts will ultimately accept it, though it may have the same sort of precarious legal existence that municipal zoning had for a decade or more. Thus, the administrative problem is vital to the success of the movement. The very best prospect for adequate administration of zoning would involve a home-rule amendment to the state constitution and the adoption of the county executive form of government. This, combined with consolidation of counties,[6] would allow counties to obtain the two essentials of effective zoning administration—an administrative unit of the proper size and characteristics, and a centralized, responsible, expert and inexpensive administration.

---

[5] 20 Attorney-General's Opinions, 751, September 12, 1931.

[6] Bill passed July 19, 1935.

The Planner Faces A New Job

Planning for rural counties introduces many problems never confronted by those planning for urban areas

CHARLES J. CALROW *Consultant-Director, Virginia State Planning Board*

MUNICIPAL planning is and, for some time, has been accepted as a function of government. County planning for urban type counties has reached approximately the same stage of acceptance if not of practice. Planning for rural counties is, however, a phase of governmental activity of more recent origin. Wisconsin, which has led in the rural county planning program, was probably the first state to have a county zoning ordinance treating rural and essentially undeveloped lands. Oneida County, Wisconsin, passed the first of such ordinances in 1933.

County planning for urban counties is generally only a modification of city planning as it has become familiar to all. There is essentially nothing different in planning the suburban areas in a metropolitan district from the planning of the nearby city. In fact, where the planning is properly done there is a common plan applying both to city and those of its suburban areas which lie in the county and outside of the municipal boundaries. Nor is there any material departure from the principles of town or city planning when a thickly-settled, unincorporated area is under consideration. There is, however, somewhat of a change in the problem when the purely rural areas are under consideration by a planning body, and these departures from city planning practices are the subject of this article.

The final results of city planning become evident in two fields of effort having almost entirely to do with physical plans, and consequently related to one type or the other of land use. One which for lack of a better term may be named the "positive" type, is that in which the land use is definitely determined as a public use and such private property as might be needed for carrying out the plan would be acquired by negotiated purchase or by the exercise of the right of eminent domain. Planning for works of this type may and usually does include:

(a) The organization and arrangement of traffic facilities such as streets, parkways, bridges, wharves and so on;
(b) The arrangement and location of parks, playgrounds and other recreational centers;
(c) The location and types of public structures both cultural and service;
(d) The selection of type, site and arrangement in general of those works owned by and operated for the benefit of the people of the community.

In this "positive" field of physical planning there is nothing dissimilar between city and county planning except in so far as planning means of communication is affected by state plans for point-to-point highways. There is nothing essentially different in the principles of planning a public works program for a county from the planning of a like program for a city.

When, however, the county planners venture into the other field of planning which may be termed the "prohibitory," it will be noted that marked differences arise between city and rural-county planning. In the "prohibitory" field of planning the attempt is made to regulate the use of private property for the benefit of the community without public assumption of the burden of ownership. Such planning is carried into effect by the adoption and enforcement of suitable zoning ordinances. Hundreds of such ordinances have been adopted. In many cases they have been passed upon by the higher courts of the land, and the general principle of zoning with reference to land use and the regulation of improvements on land has been accepted by higher legal authorities.

UNDERLYING PHILOSOPHY

In the case of urban zoning, the fundamental and underlying philosophy is that the use by the private owner of his own property shall not adversely affect public health, morals and safety. This fundamental principle has been somewhat expanded by a number of decisions, but in general in such regulation of land use as is covered by the urban zoning acts and ordinances, the general theme is the protection of society against the unsocial act of the nonconforming individual. In none of such regulations is there any attempt to protect the individual from the consequences of his own unwise acts.

In rural county planning the major planning problem is that the working out of well-ordered schemes for land use involves the setting aside as unfit for certain uses lands which may not profitably be employed in said uses. This type of planning involves a predetermination of the potential productive value of such land based on soil types and depth, topography, water supply and a number of other factors. The city planner has been confronted by no such problem, as the profitable use of land has been none of his concern, the only phase of land use in which he was interested being the effects on the whole locality of certain misplaced types of occupancy or structure. It would seem to follow that the practice of county planning promises to be much more difficult than that of urban planning as hitherto carried on.

There have of course been some objections to this thing called county planning. It has not yet received the accolade of public recognition such as has been given urban planning. It is even protested on the ground that when it steps over into the field of prohibitory zoning regulation it is dangerously near being illegal. Such protests were made against urban zoning.

All zoning regulations are enforceable under a general right inherent in and appertaining to the existence of a sovereign power. American jurisprudence recognizes as a fundamental right of that social organization known as the State the existence of a comprehensive power not necessarily laid down in the written constitution. This is the police power and it has been defined as follows:

> We think it is a settled principle, growing out of the nature of well-ordered civil society, that every owner of property, however absolute and unqualified may be his title, holds it under the implied liability that his use of it shall not be injurious to the general enjoyment of others having an equal right to the enjoyment of their property, nor injurious to the rights of the community. All property in this Commonwealth is . . . held subject to those general regulations which are necessary to the common good and general welfare. Rights of property, like all other social and conventional rights, are subject to such reasonable limitations in their enjoyment as shall prevent them from being injurious, and

> to such reasonable restraints and regulations established by law as the legislature, under the governing and controlling power vested in them by the Constitution, may think necessary and expedient. . . . The power we allude to is rather the police power; the power vested in the legislature by the Constitution to make, ordain, and establish all manner of wholesome and reasonable laws, statutes, and ordinances, either with penalties or without, not repugnant to the Constitution, as they shall judge to be for the good and welfare of the Commonwealth, and of the subjects of the same. It is much easier to perceive and realize the existence and the sources of this power than to mark its boundaries, and prescribe the limits to its exercise.[1]

PROPER USE OF POLICE POWER

The question which arises in connection with rural land zoning is as to whether this type of regulation qualifies as a proper use of police power. The Wisconsin authorities have contended that it does and its courts have stated:

> In this day none will dispute that government in the exercise of its police power may impose restrictions upon the use of property in the interest of public health, morals and safety. That the same restrictions may be imposed upon the use of property in the promotion of the public welfare, convenience and general prosperity is not so well understood, but, nevertheless, is firmly established by the decisions of this and the federal supreme court.[2]

A further point may be made against rural land zoning to the effect that the unprofitable use of land only damages its owner and in no way affects public interest and, consequently, the application of the police power to prevent such use is unreasonable. The general principle that the exercise of the police power should be reasonable is well understood and probably by none so well as the advocates of rural zoning. These advocates of rural zoning will admit that if improper use of land placed no burden on the county or state, if there was no demand for roads and schools and other public works in remote places or in areas in which the costs of services demanded or needed were excessively disproportionate to either the numbers served or the benefits obtained, then such regulation would be unreasonable. But, they contend, where the call is ever present and insistent that services be supplied at the public expense which, if there were a better plan and better ordered arrangement of land use, could be avoided, then the matter becomes one of public importance and a community affair, and an application of the police power to cure this situation is reasonable and just. The burden placed upon the state or county of maintaining schools, roads and services for areas in which the resources are not sufficient to pay for the services demanded brings the zoning of such areas against agricultural and homestead use within the condition that zoning should be in the interest of the promotion of the public welfare, convenience and general prosperity.

The defenders of comprehensive county planning, it will be recognized, have coupled the questions of control of individual property rights and state services to the individual and say that the controlling factor should be that of the cost-benefit ratio—public costs against private benefits—and in doing this they have relied upon a doctrine as old as the social order itself, i.e., the right of society to protect itself against the consequences of the acts of an unsocial member.

The statement that there is nothing essentially different in principles of planning a public works program for a rural-county from the planning of a like program for a city should be qualified. There is one important difference which arises from the necessity of developing a sound, positive program for land use to which all programs for public works should be related. In all rural-county planning, land use planning comes first and to this factor major attention should be given. The plans for land use will very largely control future distributions of rural populations and the needs for public buildings, schools, roads and recreational areas and other facilities required for the services of the people. Furthermore, the county, unlike the city, has fixed bounds and therefore county plans must have a greater degree of finality than the plans of a growing urban community. County planning may vary with time in interior detail but not in extent.

---

[1] Chief Justice Shaw, *Commonwealth vs. Alger,* 7 Cush. 53.

[2] Owen, J. in State, ex rel, *Carter vs. Harper,* 182 Wis. 148, p. 154.

There is still another factor which will affect county planning which is not always present in the case of city planning and that is the need for consideration of similar planning efforts in adjacent political subdivisions. Rural-county planning stands in especial need of coördination with collateral work if it is to be successful.

There is no reason why sound county planning should not be done, but on the contrary, many reasons why, if properly followed, it will be of much profit to the social units involved and their people as individuals. If reasonable in its application it should meet with general public approval just as has city planning and generally its reasonability will be proportionate to the intelligence with which it is done.

One of the chief deterrents to the extension of rural county planning is the lack of planners with special training needed for this work. There is an existing need for men with such special training.

A PERSONNEL PROGRAM

(Continued from Page 600)

pervisors, is of no great moment. Although theoretically the mayor might be in a better position strategically to select a personnel director than the council or board of supervisors, as a practical matter the political organizations will control the selection in either event. The selection of the personnel director from among persons peculiarly qualified in personnel administration after competition is extremely advisable. There is no safer method of obtaining one who is qualified and free from political, social or personal ties. How well administered the personnel system will be will depend in large measure on the capacity, resourcefulness and sympathy of the personnel director with the merit system—not alone on his knowledge of technical practice and procedure.

Much has been written and preached about the great need of consolidation of county and local units of government, and economy in their administration. Of course, it will take some money to operate a personnel agency properly in county government. But the money could not be more wisely expended. It is by no means just another financial burden. Its successful administration will result in sufficient savings to make up more than the cost of its operation. It is the best investment the county taxpayers can make.

LETTER TO THE EDITOR

Stockmen Disagree on Effects of Federal Land Purchase

I have read with considerable interest Dr. Renne's article in the NATIONAL MUNICIPAL REVIEW entitled "Probable Effects of Federal Land Purchase on Local Government." I desire to congratulate him upon the usual fine manner in which he has presented the subject.

There are some points, however, upon which I do not entirely agree with him. In computing the amount of revenue that will come to the counties under the federal land purchase program the figures are probably not too high after the plan has been in operation for a number of years. It will take, however, a long time to build up the ranges and to overcome the bad effects of the years of drouth. Furthermore, there will have to be a considerable number of adjustments in the operating units of the stockmen who, it is presumed, will utilize the grazing areas. Until that time comes the values will be much lower than those indicated in Dr. Renne's paper.

I wrote a number of stockmen in the Musselshell area asking their opinion of the figures presented. I stated the case to the stockmen as follows:

"The Montana Experiment Station through the Department of Economics has estimated what the lease returns will be from the various classes of land purchased. According to their estimates, range land of various grades with the average farm beef price 6¾ cents per pound should lease as follows:

Experiment Station Estimate

Grade	*Cows or Steers Per Section*	*Lease Return*	*Your Estimate of Lease Return*
1	40	$100.00	$..........
2	25	70.00	$..........
3	20	50.00	$..........
4	15	38.00	$..........
5	10	22.00	$..........

"In 1935 there were twenty-one sections in Musselshell County that were leased by the county for an average of $54.00 per section; forty-three sections in Golden Valley for $37.00 per section; sixty-two sections in Petroleum for $32.00; and thirteen sections in Wheatland for $44.00 per section. The county income for these leases corresponded approximately with the lease value computed for the land on the classification basis made by the Experiment Station."

I asked them to fill in their estimate of the lease return and to make such comments as they desired. Here is a digest of some of the replies: One stockman of Flatwillow estimated the lease returns to be $80, $50, $40, $30 and $20 for range land grading from 1 to 5. He bases his estimates on ability to pay over a period of ten or more years of fluctuating prices. A Shorthorn breeder near Roundup declared that the lease returns which Dr. Renne indicated were not any too high for ten year periods of leasing with privileges of renewing. He stated: "The matter of value rests largely on the terms; short lease is what is making it a dog-eat-dog proposition over grazing, etc. I am quite sure the counties could lease all their land if they would lease on long terms and in blocks. I am more in favor of counties buying land and trading with individuals in order to block up pastures than in selling to the government." A Petroleum County stockman stated that the lease returns indicated by Dr. Renne were about 25 per cent too high and that in his county and that of Musselshell all the grazing land would be in No. 4 or 5 class. He based his figures on what it would cost the rancher to keep his stock on his place for the three winter months and the raising of the steer until he is three years old. A prominent stockman near Harlowton states that the lease returns indicated are about 30 per cent too high. He calls attention to the fact that the county income from their leases was considerably higher because it controlled water and gave the lessee access to other range which was open and consequently could be used at no cost. Lands of grade 4 and 5, he states, are of little value at all. He was quite bitter in his criticism of the government policy. One of the most progressive stockmen in Golden Valley County wrote me that they run all their cattle on owned or leased land wholly fenced. The No. 3 land is the very best they have and they figure about fifty acres per cow. He speaks quite highly of the importance of long leases and controlled grazing.

One of the most experienced land agents

in the area declares that with long-term leases the stockmen could well afford the estimated rentals if the beef prices were as mentioned. He gives some interesting figures to prove his point.

Another stockman says: "I cannot see how the government under the present program can make any estimate that we could depend on. My judgment as a stockman and taxpayer for over forty years is that both the stockman and the county will be better off under county management." Other stockmen give figures approximately 20 to 25 per cent less than those Dr. Renne indicates.

In the article I note the following statement: "A total of 148 resident owners or 14 per cent of the total in the county have optioned their lands to the government, and will probably move out of the county if the sales are completed." Associated Press dispatches have indicated that the resettlement program calls for a moving of some of these settlers to irrigated tracts at Fairfield and other sections. This was recently pointed out at a meeting at Terry that I attended. Mr. Starch denied that there would be any attempt on the part of the Resettlement Administration to move the settlers out of the county, yet that is actually what has occurred. The irrigation development is lagging so far behind the purchase of submarginal tracts that it is impossible to find satisfactory resettlement in the counties where the purchases are being made. The settlers whose houses and farm buildings are being torn down as the lands are purchased have either moved out of the county or into the county seat. In the latter case they have become a relief burden. The shrinkage in taxable valuation has increased the load on the remaining property and the shrinkage in purchasing power through the removal of the settlers is having its effect on the business of the community. It seems to me a little inconsistent for the government to propose that in the creation of an irrigation project that an improvement district should be created calling for all of the property that might be benefited by the construction of the project to pay for the same and yet when a land purchase program is instituted no compensation be paid to the business whose profits are wiped out through the removal of the population from its territory.

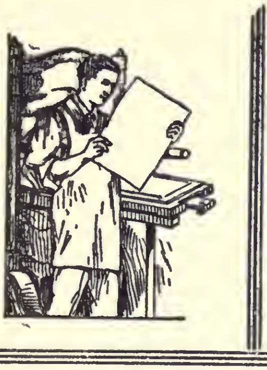
Prairie County has no net indebtedness. Therefore, whatever money it receives from the sale of county lands this year will go into various funds and probably reduce the levies slightly this year but due to the fact that more money is available than usual, increased demands will be made upon it and the county will have nothing to show for money it has received within a year or two.

It is true that the costs of county government can be reduced if adjustments in local government are made. However, the federal land purchase program is entirely optional and while it will be possible to close some schools with the removal of the settlers, as long as the federal government doesn't secure complete control of 100 per cent of the land within a given area, there will always be the opportunity for the remaining private land owners to catch a new crop of settlers after a year or two of rainfall and we'll have a repetition of the tragedies of past years.

A state zoning act, of course, is the only solution to this particular problem. Local people are beginning to look rather critically upon these programs because of the large expenditure of federal funds in getting them under way. At the meeting at Terry there were twenty-seven people present; twelve of them were government employees, not including the county commissioners and the county clerk. The statement was made to me that quite a crew of appraisers and others engaged in the land purchase program had been working in Prairie County for some months and riding back to Miles City every night because accommodations were more satisfactory. While the expense of getting the program under way is not charged against the counties themselves, all taxpayers will have to pay their proportionate share of the expense.

Yours sincerely,

Fred Bennion,
Executive Secretary,
Montana Taxpayers' Association.



RECENT NEWS REVIEWED

NOTES AND EVENTS

Edited by H. M. Olmsted

Manager Plan Developments.—Owensboro, Kentucky (22,765 population) will vote on the adoption of the council-manager plan on November 3. A petition has been filed with the city clerk of Yonkers, New York (134,646 population) requiring a referendum at the general election on November 3 on a proposal to adopt a council-manager form of government for that city. The Committee of One Hundred, a non-partisan citizen organization, is backing the council-manager plan.

*

State League Opens Campaign Information Bureau.—In view of the grave financial situation of cities in West Virginia under the tax limitation law and its method of administration, the West Virginia League of Municipalties has created a Campaign Information Committee to acquaint city officials, municipal employees and urban voters with the records or background of all candidates for state offices dealing with city affairs, and likewise to acquaint the candidates themselves with the needs and problems harassing the municipal governments.

*

Assistants for City Managers.—A survey made recently by the International City Managers' Association shows that only 33 of 98 city managers questioned reported that they had assistant managers, and a number of these assistantships carried the title of secretary only.

Of the 33 cities which reported having assistant city managers, 5 are under 10,000 population; 10 are cities of 10,000 to 50,000; and 18 are over 50,000. Two-thirds of the assistant managers have been appointed to their present positions since 1932.

There is considerable variation from city to city in the duties and responsibilities of the position of assistant city manager. In Ames, Iowa, city of 10,000, he performs duties involving engineering work and general administrative affairs. The assistant manager of Bristol, Virginia (9,000) attends to all office details, purchasing, and water department billing. In Charlottesville, Virginia (15,000) he devotes most of his time to public works. It is mainly in the larger cities such as Cincinnati, Dallas and Dayton that the assistant city manager is in fact and deed an understudy.

Two main advantages accrue from the appointment of real assistant city managers, according to Clarence E. Ridley, executive director of the association. Not only can the city manager be relieved of some of his routine duties leaving him free for more important affairs, but the assistant can train himself for a managership through practical experience. City managers should make this contribution to a career system in government, Mr. Ridley believes.

*

Unemployment Compensation Administration Costs.—Administration of the unemployment insurance law costs Wisconsin employers an average of $2.24; in New Hampshire this cost is $6.60. The cost per employee is 2.7 cents and 14 cents respectively.

A report on the administration of unemployment insurance in the two states has just been published by Public Administration Service. It is based on a survey conducted by the Committee on Public Administration of the Social Research Council. The report is an introduction to a survey of unemployment compensation administration scheduled to be extended to twelve or fifteen other states. Wisconsin was chosen as one of the states for study because its law is the oldest, having been in effect over two years. Unemployment insurance benefits have already been paid there. New Hampshire was selected because it has been collecting both employer and employee contributions for unemployment insurance since the first of the year.

The wide disparity in unit cost of administration is due mainly to the fact that New Hampshire requires that detailed employee reports be kept in the central office, whereas Wisconsin does not.

The committee hopes the experience of these two states and others which will be examined will enable it to answer the really important questions about the administrative machinery for handling unemployment compensation: whether satisfactory records can be secured without current reporting of individual employee data to the central office, and what type of plan will be least burdensome to the employer and the employee.

*

An Interstate Town Report Competition.—The Vermont State Chamber of Commerce has sponsored a town report competition between the towns of Maine and of Vermont, for the year 1937. It is proposed that the governor of Rhode Island and the members of the Rhode Island Tax Commission be invited to serve as judges. Ten points are stressed as the basis of award, as follows: novelty and attractiveness of cover, general appearance and orderly arrangement, setting up of a budget, presentation of balance sheet and financial status, summary of notable achievements of the year, quality and substance of department reports, historical and statistical data, schedule of distribution of expenditures over series of years, graphic methods of presentation of facts, and a planning report.

*

Intergovernmental Coöperation for Park Development.—A further manifestation of the coöperative trend between federal, state, and local governments is the measure passed by the last Congress authorizing the joint development of park lands. Although no appropriation was provided, it furnishes a basis of official coöperation, and the United States Park Service is now undertaking a survey to determine what federal lands, exclusive of those under the jurisdiction of the Department of Agriculture, may be suitable for state and local parks.

*

Schools for Traffic Officers.—Two schools for training traffic police were held this summer in the South and New England. The Southern Traffic Officers' Training School, at the University of Alabama in July, graduated seventy-nine police officers who represented every southern state but two. The New England Traffic Officers' Training School, sponsored by the Harvard Bureau for Street Traffic Research and the International Association of Chiefs of Police, had an advance enrollment of more than seventy-five officers. Tentative plans are under way for a similar regional traffic training school to be held at Rutgers University, in New Brunswick, New Jersey, next spring.

Northwestern University's Traffic Officers' Training School, pioneer in the field, will hold its fourth annual session in Evanston, October 12-24. Enrollment in the basic course will be limited to sixty police officers, but twenty officers who have scored high grades in previous attendance at the school will be invited to take an advanced course, never before scheduled, which will provide specialized study on certain phases of the traffic problem. Another new feature of the Institute this year is the highway patrol officer's training school, which will be held in November.

A number of fellowships have been offered at the university's traffic safety institute, under a grant of the newly established Kemper Foundation, for the school year beginning in October.

Student Apprentices in Los Angeles County.—The board of supervisors of Los Angeles County, California, has increased the student apprentices in the county government from four to eight. Several years ago, the board agreed to apprentice one student from each of the four large universities in the state to the county's Bureau of Efficiency. After a year of practical training, the apprentices were to get a chance at regular service for the county or were to be recommended for government employment elsewhere. A check of the record revealed that all except two of the men who served as apprentices during the past three years have entered permanent positions in the county service and those two are in governmental work elsewhere.

The city of Los Angeles may follow the county's example with a similar plan, if its council approves the mayor's charter amendment recently submitted, for assigning college-trained apprentices, chosen by competitive examination, to administrative departments of the city government for two-year appointments.

Michigan's Civil Service Proposal.—Passage of the merit system bill, drafted by the bi-partisan Civil Service Study Commission which has just completed a lengthy study of personnel administration in Michigan state offices, will be up to the legislature of that state, upon assembling in January. The civil service measure proposed would cover approximately all the 14,000 state employees. Only elective officials, appointive executives, the state police—already under a merit system—teachers, and a few minor classifications are excluded. Administration of the system would be by a commission of four members, with provisions against control by any political party. Those persons now holding state jobs that would be included under civil service would have to qualify in open tests to retain them. A million-dollar saving each year is predicted for Michigan if the bill is adopted. The saving includes political assessments on spoils-appointed employees, upwards of $500,000 a year dissipated through the loss of experienced workers and the training of new ones, absence of payroll classifications, etc.

*

Increased City Land Holdings Present Management Problem.—A recent report of the Boston Municipal Research Bureau, prepared under the direction of its secretary, H. C. Loeffler, stresses the problem of looking after the real estate holdings of that city, which have been greatly increased by $1,161,000 worth of property falling into the city's hands because of non-payment of taxes. The report advises making a permanent and separate agency of the real estate division created in the public buildings department last fall.

Cities having full-time real estate agencies, according to Elton D. Woolpert in *Public Management* (International City Managers' Association), include Chicago, Los Angeles, San Francisco, Milwaukee, Newark, Rochester and Asheville. The obvious duties of such agencies include the keeping of complete and accurate records of all city-owned property and assisting in condemnation and purchase proceedings; but they can also work to increase revenues from such property while in city ownership, watch for favorable opportunities for sale, or for exchanges that will provide the city with tracts that it can use to better advantage for public needs, and keep advised on prospective needs of the city for land, so that any property which the city can reasonably expect to use in the future will be retained in the event of tax foreclosure.

*

Coöperative Police Radio.—The developing need for inter-city and inter-county police radio hook-ups is being dealt with practically in California. According to Mayor C. T. Johnson of San Bernardino, writing in *The Western City,* the counties of Riverside and San Bernardino and the cities of San Bernardino, Riverside, Redlands, Colton, Elsinore, Corona and Hemet have been working on a joint program to provide police radio service for these cities and the sheriffs' forces of the two counties, as well as other cities in these counties that might care to participate. A somewhat similar arrangement is now in effect in Los Angeles County, where the police broadcasting system of the City of Los Angeles serves several of the adjacent smaller cities on a contract basis. The proposed San Bernardino-Riverside Counties system presents a different situation, as there is no dominant metropolitan city system and the technical problem is intensified by the great distances involved, especially as San Bernardino is the largest county as to area in the United States, the furthermost east and west points being 250 miles apart.

*

Attempt to Prevent Vote on New York Charter.—An expected move to delay action on the new charter for New York City prepared by the charter revision commission was an application for a writ of mandamus to prevent the board of elections from submitting the charter to the voters in November. The action was brought by Jackson Dykman, attorney, for a taxpayer, Edward J. Mooney.

Supreme Court Justice Dodd of Brooklyn issued the mandamus sought, ruling that the law creating the New York City Charter Revision Commission was unconstitutional and requiring the board of elections to omit from the voting machines both the proposition on the charter and the one on proportional representation. The ruling was based on the principle that the state legislature cannot delegate its law-making power either to a commission or to the people.

An appeal was made directly to the Court of Appeals which on October 6, rendered a unanimous decision declaring the law constitutional. A city-wide campaign for the charter is being conducted by the Citizens' Charter Campaign Committee under the direction of George Brokaw Compton. Mr. Compton is assisted by a staff and by a speakers' bureau directed by Allen H. Seed, Jr., civic secretary of the New York City Club.

An organization committee of fifty prominent citizens headed by Morgan J. O'Brien, former presiding justice of the appellate division of the New York State Supreme Court, was formed late in August. Members included Richard S. Childs, Dr. Harry Emerson Fosdick, Louis K. Comstock, president of the Merchants' Association, Mrs. Mary Simkhovitch and many other leaders in business, civic and social work.

*

Merit System Proposals and Progress.—A constitutional amendment establishing the merit system for the state, counties and cities and for port, school and park districts, is to be voted upon in the state of Washington in November. A constitutional amendment will be acted upon in California at the same time which will, if passed, establish civil service systems in counties and municipalities in that state. Likewise the city of Rahway, New Jersey, will vote on the merit system for the municipal government.

According to the Civil Service Assembly, the state of Arkansas is looking toward the establishment of a merit system, and the Democratic nominee for Governor has appointed an honorary civil service commission to prepare an appropriate law. In Portland, Oregon, a civil service charter amendment has been drafted, and in Duluth, Minnesota, an ordinance placing the bureau of labor under the merit system is contemplated. In Tucson, Arizona, the Central Trades and Labor Council is advocating the merit system. In Racine, Wisconsin, a civil service ordinance has been prepared. In Detroit, Michigan, the House of Correction employees go under the merit system soon, and the Detroit Municipal Employees Club is urging the merit system for Wayne County. Wauwatosa, Wisconsin, has passed an ordinance placing non-elective employees under the merit system.

A report of the United States Civil Service Commission states that as of June 30, 1936, there were 498,725 positions in the executive civil service which were subject to the competitive requirements of the civil service act and rules, and 325,534 positions in the unclassified service, including positions in the emergency agencies and works programs as well as positions of longer standing The number of positions in the competitive service is the largest since 1919 and increased by more than 43,000 during the past fiscal year.

*

Set-Back for Wisconsin Home Rule.—Home rule for Wisconsin cities and villages as granted by the constitutional amendment ratified by a large majority of the voters of Wisconsin in 1924 was given a decided setback by the decision of the state supreme court in the recent case of Van Gilder vs. City of Madison, 267 N.W. 25. A companion decision was rendered in the case of Logan vs. City of Two Rivers, 267 N.W. 36.

The Madison case introduced the question of whether the salaries of members of police departments should be under the control of the state legislature or should be determined by the city council. The court held that the fixing of policemen's salaries was a matter of state-wide concern and that therefore an action of the legislature overruled any attempt to fix salaries by the common council.

In Wisconsin the state does not subsidize local police departments in any way, nor has it set up any machinery to supervise or perform police functions. All efforts to establish a state police force and in fact even efforts to create a state bureau of identification have all been rejected by the legislature.

A decision of the supreme court in this case was very largely contrary to the precedent built up in other home rule states where the courts have held that if the state were to interfere in local police matters it must assume complete administrative and financial responsibility.

This interpretation by the court is contrary, too, to the intent of the League of Wisconsin Municipalities which framed and sponsored the constitutional amendment, and is also contrary to the legislative intent in submitting the question to a referendum, as evidenced by official communications to the legislature from individuals who were governor and attorney-general of the state at the time of its adoption.

This was a reversal by the court since in a 1926 decision it stated that the home rule amendment to the state constitution "should have a liberal construction looking toward virility rather than impotency". In the case just decided the court admitted that its decision "leaves a rather narrow field in which the home rule amendment operates freed from legislative restriction".

There has not been an earlier court determination of some of these controversial home-rule points largely because cities and villages had been granted such a large measure of legislative home rule that they did not have to fall back upon the constitutional home-rule powers. It is hoped that at an early date other test cases may be decided so that Wisconsin cities and villages can know just what attitude the court is going to take on other phases of home rule.

If the court adheres to the theory as intimated that if any part of the field is a matter of state-wide concern, then the entire field is of state-wide concern, then home rule in Wisconsin will indeed be an empty shell since the Wisconsin state government in some degree or other has interested itself in policing, fire fighting, public health, sanitation, highways, education, libraries, parks and recreation, and practically every other type of activity engaged in by cities and villages.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

North Carolina—Districts Vote School Supplement.— Following the assumption by the state in 1933 of the entire operating expenses of an eight-month school term, only seven communities in North Carolina voted a supplementary tax to provide a ninth month or a salary increment for teachers above the state schedule. Within the last year supplements have been voted in several additional towns and cities so that about thirty districts will enjoy a nine-month term the coming year. In only one instance, however, has a county-wide supplement been voted. This is in New Hanover County, containing the city of Wilmington.

*

Simplified Tax Foreclosure Procedure Proposed.— One of the interesting legislative proposals advanced by the North Carolina clerks of the superior court in their annual meeting was one which would simplify the tax foreclosure machinery by permitting the docketing of tax certificates as judgments. Under the present law the purchaser of a tax sale certificate, after waiting for the required sixteen months, has to bring another action to foreclose the certificate and secure a judgment under which execution may be had. Under the proposed change the certificate would be docketed as a judgment, and the clerk could order execution thereon after the required time without the necessity of another action.

*

Rural Electrification in Wilson County.— One of the first counties in the country to take advantage of federal loans for rural electrification made available by the last Congress is Wilson County, North Carolina. The Rural Electrification Administration has announced a loan of $161,000 to the County Electric Membership Organization to construct 129 miles of line which will bring the conveniences of light and power to practically every community in the county. The power will be furnished and the lines maintained by the municipal plant in the city of Wilson.

*

Homestead Exemption Proposed.— Among five constitutional amendments to be voted on by the citizens of North Carolina this fall is one authorizing the legislature, at its discretion, to exempt from taxes all homes occupied by the owners, up to a maximum of $1000 per home. Compilations have been made in several counties to determine what percentage of the total assessed valuation would be removed from the tax books if the amendment were adopted and the full $1000 exemption granted by the legislature. This percentage varies from 5.17 per cent in Forsyth County to 24.85 per cent in Caswell County. Generally the percentage of the total valuation removed increases as the amount decreases. Thus, the poor rural counties, especially those with a heavy Negro population, would experience the greatest relative reduction in their tax valuation.

*

Washington—Surveys Launched in Eight Southwestern Counties.—To carry out plans for community organization developed by lay persons and staff members at the quarterly meeting of the State Department of Public Welfare in June, a survey of the economic, social and cultural resources of eight southwestern counties in the state of Washington has been undertaken. This survey is expected to be the first step in a state-wide survey. Eight general categories of information have been set up. The first, dealing with general information about the community, includes its history, topography, natural resources, population, industry and agriculture, and its service and welfare organizations. Following this is a section on government which includes organization and financing of local governmental units. The third section deals with the organization of public and private social agencies and institutions for dependents and delinquents. Health services are considered next, with the schedules calling for a survey of the county health services, private health organizations, hospitals and clinics, housing, public safety measures and vital statistics. Recreation and leisure time activities, including character building agencies, playgrounds and parks, libraries, and commercial amusements, will be studied in one section while educational facilities will be listed as another section. A study of the place of religious organizations in the community and of dependency and delinquency will complete the survey.

*

Colorado—A Bibliography of Official County Publications.—What should prove to be a valuable aid in the study of county government is a bibliography and union holding list of official county publications, which is being prepared by James G. Hodgson, librarian, Colorado State College A. and M.A. at Fort Collins, Colorado.

The list is an outgrowth of a collecting trip made by Mr. Hodgson in 1934 and 1935 for the University of Chicago libraries, in which he visited all of the states of the United States, and all but two of the provinces of Canada, collecting state and local government publications.

A preliminary report on the condition of county official publications in the United States was made before the public documents committee of the American Library Association at its meeting in Richmond, Virginia, in May 1936. The list under preparation is an expansion of the material noted in that report.

Libraries or individuals who have good collections of official county publications (printed or in mimeographed form) and wish to have their holdings listed in the final work are requested to correspond with Mr. Hodgson. Because of the few good collections of county materials in the United States he is anxious to have listed even collections of single counties when such collections may be available to scholars.

TAXATION AND FINANCE

Edited by Wade S. Smith

Four States to Vote on Tax Limits.—Colorado, Georgia, Oregon, and Washington voters will go to the polls this fall to determine whether or not property tax limitations shall be placed or allowed to remain on the statute books. In addition, Arizona will vote on a limitation on the state levy, and Michigan and Minnesota will consider amendments to outlaw the *ad valorem* property tax.

The four proposed realty tax limitation laws follow the patterns which have already brought disaster to Ohio, West Virginia, and other states. Colorado and Oregon measures are by initiative petition seeking a limitation amendment to apply to all levying units. In Georgia a constitutional amendment passed by the last legislature comes up for ratification, while in Washington re-enactment of statutory over-all limitation law is sought by initiative petition.

In Michigan an initiated petition will submit to the voters an amendment to abolish henceforth any tax on real property, tangible or intangible, except for debt service on obligations already incurred. An income tax would be authorized and a tax on income from real and personal property would be permissible, though new privilege, license and occupational taxes would be prohibited.

Minnesota's proposed amendment would similarly prohibit any state tax on real or tangible personal property, except for service of existing debt. Local property taxes would not be affected.

The Arizona constitutional amendment would limit the *ad valorem* tax for state purposes, except for debt service, to five mills, and county rates on a sliding scale dependent on the aggregate county assessed valuation. Intangibles are also covered by a four mill limit, in the event an intangible tax should be levied, and various excise tax rates, including that of the present state sales tax, would be limited to twenty mills on the dollar. The gasoline tax would be limited to five cents per gallon, existing tobacco taxes would be prescribed as future limits—but no limit would be imposed on the state liquor tax. Numerous "doing business" taxes would be hedged with limitations, but the limits could be exceeded for not more than two consecutive years by three-fourths vote of the legislature in case of prescribed "emergencies." Ironically enough, voters who ballot on the limitation amendment will at the same time pass judgment on a statutory measure to increase the state school levy from $25 per capita to $40 per capita, and not less than $60 per capita for high schools, an effort to provide greater state aid for education.

The fiscal difficulties following enactment of tax limitation laws which really limit levies have been enumerated in this column too many times to bear repetition. So we will be content to quote the opening remarks of Don C. Sowers in the summary chapter of his "Effect of Tax Limitation Upon State and Local Governments in Colorado:"[1]

"It is apparent from this study that overall tax limitation is unsound in principle and that its net results are destructive rather than constructive in character. The actual results of tax limitation in seven states is summarized as follows: It has resulted in shifting a portion of the burden borne by real property owners to other groups. Tax limitation has not materially reduced the total volume of taxation nor curtailed expenditures. Tax limitation has not resulted in economy of operation nor has it been effective in controlling expenditures. Tax limitation has not resulted in tax reform. Tax limitation has resulted in a marked reduction or abolition of the state tax on property for school purposes. The schools have received large allocations of the state-collected revenues and in general have not suffered greatly as a result of tax limitation. Municipalities have been most seriously affected by tax limitation. Sales taxes have been relied upon in every state to furnish new replacement revenues. Chief beneficiaries have been the large property owners, non-resident property owners, and corporations. The plan is an unintelligent and ineffective effort to accomplish desirable results."

*

Kentucky Gets Revenue Department in State Reorganization.—In a recent report in the *Tax Magazine,* James W. Martin, commissioner of revenue of Kentucky, and director (on leave) of the Bureau of Business Research of the University of Kentucky, describes the new departmental set-up devised in the recent reorganization of state administration sponsored by Governor Chandler and authorized by the new-broom legislature.

To quote Commissioner Martin:

"A phase of the reorganization plan which will be of interest to students of taxation is the revamping of the department of revenue and taxation, which is, under the terms of the bill, dubbed the 'department of revenue.' This department differs from the former department of revenue and taxation in a number of important respects. In the first place, its work is to be solely that of looking after revenue matters. Formerly, a number of regulatory functions were performed by the department the most important of which were regulation of bus and truck transportation, of alcohol traffic, and of boxing and wrestling. These control functions are all transferred to the department of business regulation, thus leaving the department of revenue free to devote its attention to its job of administering and otherwise providing leadership in the field of taxation.

---

[1] Don C. Sowers, "The Effect of Tax Limitation Upon State and Local Governments in Colorado," June 1936. University of Colorado, Boulder, Colorado.

"In the second place, the department is charged with responsibility for enforcing all tax laws. Heretofore, though the statutes were sufficiently comprehensive to permit supervision from the office of the tax commission, there were several tax measures not actually administered or controlled by the department. These included supervision of local taxation, administration of certain liquor taxes, and enforcement of insurance taxes. It is not necessarily contemplated that the department will take over direct control of all these, but it will undertake to see that there is a consistent tax policy even in the case of tax measures which it is deemed more economical to administer in connection with some other activity.

"In the third place, the new set-up contemplates treating normal functions of tax administration as administrative problems. In keeping with this policy, the act provides that the department shall be headed for all administrative purposes by a commissioner of revenue, who will be completely responsible for control of tax administration. For two decades the department has been headed for all purposes by a board of three coördinate commissioners. Recognizing that the functions of hearing and deciding appeals, making appraisals, and approving rules and regulations are semi-judicial or quasi-legislative in character, the reorganization act provides that there shall be associated with the commissioner of revenue two other commissioners, who, with the commissioner of revenue as chairman, shall constitute a state tax commission for the performance of these three functions exclusively. When not sitting as members of the state tax commission, these two additional commissioners will head such divisions as shall be directed by the commissioner of revenue.

"In the fourth place, there is an organization of the department which at once recognizes the traditions of the commonwealth and provides a maximum of effective, flexible control. The reorganization act sets up a division of general taxation, a division of motor vehicle taxation, a division of local finance, and a division of research; but it authorizes the commissioner, with prior approval of the governor in writing, to establish other divisions. It is contemplated that probably not more than two other divisions will be established in the near future—possibly not more than one.

"For the first time in the history of the state, it is fair to say that the structural set-up is such as not to impede effective administration of the public finances. It is important to emphasize, however, that effective accounting and budgetary control machinery, adequate legal means of recruiting personnel and of administering state properties, and a modernized structure for handling revenue problems merely establish the possibility of having good financial administration; these mechanisms will not guarantee smooth functioning. The next task is to utilize the techniques provided by the general assembly to effect a greatly improved public finance status in Kentucky."

*

Upwards of $400,000 annually should be saved by Louisiana's new tax calendar for New Orleans, according to a recent news bulletin of the New Orleans Bureau of Governmental Research. Tax anticipation borrowing will be practically eliminated, it is said.

*

New York City has secured amendment of the so-called "bankers agreement" to a reduction of $5,000,000 in the annual reserve for uncollected taxes, bringing the reserve to $12,000,000 for the 1937 budget, a figure approximately equal to the average anticipated current delinquency, according to the Citizens' Budget Commission.

*

Florida cities, led by Miami and the Florida League of Municipalities, are said to be seeking a 50 per cent return from the state, of liquor, racing and auto taxes.

*

The flat statement that so many cents of the cost of a pair of blue denim overalls or a definite percentage of the rent bill are the result of taxes is highly inaccurate, according to Dr. Mabel L. Walker, executive secretary of the Tax Policy League. In a leaflet entitled "Tax Nonsense" recently published by the League, Dr. Walker explains how many taxes are not shifted to the consumer and points out that taxes levied by some states are non-existent in others. She takes issue with those who attempt to tell the man on the street exactly what portion of his income goes into the payment of taxes.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

The P. R. Campaign In New York.—A strong Proportional Representation Campaign Committee has been formed in New York City to lead the fight for the adoption of P. R. for the proposed new city council on November 3. Formation of this committee followed the organization of a Citizens Charter Campaign Committee to secure a favorable vote on the proposed new charter. Because the two questions are being submitted separately and have forces backing them which are not quite identical, it was thought best to have separate committees.

The chairman of the P. R. Committee is Henry Moskowitz, president of the civil service commission under Mayor Mitchel, first market commissioner of New York City, and formerly impartial chairman in the clothing industry. Former Judge Samuel Seabury, who made P. R. his foremost recommendation in his final report to the legislative investigating committee at the end of his disclosures of political corruption in 1932, is a vice-chairman, along with Andrew R. Armstrong, president of the International Pressmen's Union; Richard S. Childs, president of the New York City Club and former president of the P. R. and National Municipal Leagues; Mrs. James Lees Laidlaw, civic leader; Rose Schneiderman, president of the New York Women's Trade Union League; and Mrs. F. Louis Slade, honorary vice-president of the National Municipal League and former chairman of the New York State League of Women Voters. Dr. William Jay Schieffelin, chairman of the Citizens Union, is treasurer.

Offices have been opened at Room 607 Pershing Square Building, 100 East 42 Street, where the new P. R. voting and counting machines are on display. Walter J. Millard, field secretary of the National Municipal League, is the principal speaker of the campaign. He and a large corps of specially trained speakers are addressing a large number of meetings of all kinds and giving radio talks on P. R. and the new charter without which P. R. cannot go into effect. The high schools are being covered with explanatory addresses on the basis of which the students can have their own discussions in civics classes and reach their own conclusions.

All the usual sorts of publicity and educational work are being undertaken with the coöperation of a number of important civic organizations which have endorsed both the new charter and P. R. The Women's City Club is selling at ten cents each (or two dollars a hundred) large numbers of an attractive leaflet on P. R. profusely illustrated with cartoons and diagrams. The League of Women Voters is doing intensive work through its branches in all parts of the city. The Citizens Union is distributing free of charge to leaders and thoughtful citizens a good many thousands of its special charter *Searchlight,* which begins with an explanation of P. R. and its advantages as proposed for New York City and continues with a synopsis of the principal provisions and advantages of the proposed new charter. The City Affairs Committee is planning a mass meeting on P. R. and the charter. The Merchants Association, the City Club, and the Citizens Union are supplying staff members to the campaign committees.

The P. R. office is in charge of George H. Hallett, Jr., the editor of this department and secretary of the Citizens Union, as campaign manager. He is assisted by Miss Elsie S. Parker, assistant secretary of the P. R. League for many years, and Mrs. Harry S. Grinleese, former Bronx chairman of municipal affairs of the League of Women Voters.

The P. R. Campaign Committee includes several members of the Smith Charter Commission of 1934: Judge Seabury, Mr. Childs, former United States Attorney Charles H. Tuttle, George Brokaw Compton of Manhattan, Mrs. William Mason Smith of Staten Island, Mrs. George Wyeth of the Bronx and Nicholas Pinto of Brooklyn.

It also includes a large number of prominent citizens, representing all the boroughs, all parties, many of the most important civic organizations, labor and capital, various occupations and professions, and the leading religious and cultural groups in the city.

The Citizens Charter Campaign Committee, with a larger and equally imposing membership under the leadership of former Judge

Morgan J. O'Brien, chairman, and George Brokaw Compton, campaign manager, is conducting activities on a larger scale from nearby offices at Room 620 in the Pershing Square Building, and lending its coöperation to the P. R. committee in so far as the interests of the two committees coincide.

The automatic reapportionment of council members to the growing boroughs which P. R. in its proposed application provides is proving one of the strongest arguments for the adoption of the new charter as well as P. R., and the charter committee is losing no opportunity to make this advantage known.

*

Columbus Vote Postponed.—The Columbus City Manager League has decided to postpone the submission of its P. R.-city manager charter until some time next year. The decision was reached because of the submission of another question on November 3 ger charter until some time next year. The P. R. rules of the charter as drafted follow closely those of Toledo.

*

Wheeling's First Year.—In July Wheeling, West Virginia, finished its first year under a council of nine elected by P. R. and a city manager chosen by the representative council. For the first time in thirteen years the city finished the year "out of the red," in addition to paying off $106,000 in unpaid bills inherited from the previous administration. Careful collection of all amounts due the city, in contrast to the former policy of letting the politically favored go free, increased the revenues; and the purchase of supplies on the basis of price and quality without consideration for political factors decreased the expenses, while the quality of the city's services was improved. Citizens attribute the record to the city's new form of government.

*

Canada's Need of P. R.—The recent annual report of the British P. R. Society contains a summary of last year's election of the Canadian House of Commons which shows convincingly how undependable is the usual single-member district system of election as a means of securing accurate representation. The Liberals, with less than half the votes, elected more than two-thirds of the members. The Social Credit Party of Alberta, with little more than a third as many votes as the Reconstruction Party, elected seventeen members to the latter's one, so heavily does the geographical distribution of votes weigh under this system instead of their actual numbers. The figures follow:

Canadian House of Commons, 1935

Party	Votes	Seats	Votes Per Seat
Liberal	1,977,428	175	11,000
Conservative	1,259,420	40	31,000
Reconstruction (Dissident Conservatives)	378,562	1	378,000
Coöperative Commonwealth Federation	338,956	8	42,000
Social Credit	137,493	17	8,000
Others	75,275	4	19,000
Total	4,167,134	245	

In spite of this striking inequality of voting power under the present system—or perhaps because of it—the select committee appointed by the House of Commons to study election reforms has recently reported that it does not recommend the adoption of a system of proportional representation at this time. The Liberal Party included P. R. in its election campaign platform, but having profited itself this time by the injustices of the present method, seems disinclined to change it. The United Farmers of Alberta a few years ago showed a similar reluctance when they came into power on a platform including P. R. (except that they did apply P. R. to the large cities where they themselves were weak) and today because of their shortsightedness have not a single member in the provincial Legislative Council which they recently controlled.

*

The Annual P. R. Dinner.—The annual meeting and dinner of the Proportional Representation League—now operating as a department of the National Municipal League—will be held as usual this fall in connection with the National Municipal League's Conference on Government. The time is 7 P. M., November 17, and the place the Commodore Perry Hotel, Toledo.

The tentative program calls for addresses by former City Comptroller Joseph D. McGoldrick, member of the New York City Charter Revision Commission which voted unanimously to submit P. R. to the voters of the city, who will tell about the P. R. campaign in New York and its outcome; Henry Bentley, first chairman of the Cincinnati City Charter Committee, who will discuss the results of the last P. R. election in Cincinnati, at which the Charter Committee for the first time failed to elect a majority of the council under P. R., and the successful defense of P. R. in the referendum at the spring primaries; and former Judge Aaron B. Cohn, member of the Toledo council, who will describe Toledo's first year of government under a P. R. council and a manager appointed by it.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Bureau of Public Administration, University of California, Berkeley.—During the past eighteen months the program of the Bureau of Public Administration has not altered materially in content or purpose, but a definite change in emphasis has occurred. The growing service rendered by the library and research facilities of the Bureau in the study of immediate public problems is, however, in complete accord with the purpose which gave inception to this university agency. Beginning in 1920 as a collection of pamphlet, periodical, and other items on economics and public affairs, the Bureau had assembled by 1929 a sufficiently large and valuable special library to attract the support of the Rockefeller Foundation, which donated funds over a six-year period for a program of research and training in public administration, under the direction of Professor Samuel C. May.

This program has consisted of (1) the expansion of the collecting and reference library functions, (2) the use of library materials and Bureau staff to instruct students in public administration, (3) a series of long-time original research projects (chiefly in the fields of federal-state administrative relationships, administration of criminal justice, and police administration), and (4) service to public agencies, officials, citizens' organizations, and students of government, through the compilation and distribution of specific information available in the library, the conduct of surveys and studies to develop pertinent data, and the assistance rendered by the director and staff of the Bureau as consultants to and as members of special boards and committees.

The year 1935-1936 has been the last year of contribution from the Rockefeller Foundation, prior to full assumption of the financial support of the Bureau of Public Administration by the University of California, as originally agreed. During this year a fourth librarian has been added to the staff; the publication program has been accelerated (see list below); the information service for state legislators instituted in 1934 has been continuously utilized by members of the California senate and assembly and by interim committees; special reports have been prepared for a large number of organizations and officials; and requests for consultation on charter, administrative, and organizational matters have made heavy demands on the time of the Bureau staff.

There has been an average enrollment each semester of 306 undergraduate and 48 graduate students in the public administration courses of the Department of Political Science. The seminar in public personnel administration, conducted with the coöperation of state officials, has been especially useful in training for this growing field. Placement of graduate students during the year included 15 federal, 5 state, and 3 county appointments, and 2 appointments in research organizations.

The chief new project undertaken since 1934 is the comprehensive survey of local government units in the nine counties bordering on San Francisco Bay, conducted as an SERA and WPA project under the direction of O. W. Campbell. The gathering of data from field sources has employed from twenty to thirty workers for the past eight months. The analysis of these data and preparation for publication will be the task of the coming year. Also under way are studies of the administration of juvenile courts in California, by Frances Cahn, and unemployment relief administration, by Milton Chernin, and a bibliography of social security, by Dorothy C. Culver. The Bureau is coöperating with the United States Attorney General's "Survey of Release Procedures," by lending R. H. Beattie, Research Associate, for direction of the survey in region eleven.

Studies and bibliographies completed and/or published during the year are:

1. A system of criminal judicial statistics for California. Ronald H. Beattie. 232 pp.
2. The public defender and private defense attorneys. 34 pp.
3. California prison population, 1902-1934. Ronald H. Beattie. 22 pp.
4. Governmental research organizations in the western states: a directory of agencies and an index to their studies. 50 pp.
5. Land utilization: a bibliography. Dorothy Campbell Culver. 222 pp. Out of print.
6. Methodology of social science research: a bibliography. Dorothy Campbell Culver. 159 pp.
7. Governmental relationships in agriculture. Carleton R. Ball. In press.
8. Welfare activities of federal, state, and local government in California, 1850-1934. Frances Cahn and Valeska Bary. In press.
9. Police communication systems. V. A. Leonard. In press.
10. The police in modern society; a practical study. August Vollmer. In press.
11. Study of criminal appeals in California, 1929-1935. Ronald H. Beattie. To be published by the Judicial Council of California.
12. California state government: an outline of its administrative organization from 1850 to 1936. Elsey Hurt. To be published by the California State Department of Finance.
13. Financial and social provisions of liquor laws: an analysis. Dorothy Campbell Culver. 237 pp. 22 tables. Typescript. Available only on loan.

*

Taxpayers Research Bureau of Utica, New York.— During the past eight months this bureau has assisted in the preparation of specifications to be used as the basis for a three-year street cleaning contract. Prior to this year, streets were cleaned by the city directly. This year the city decided to turn this task over to a private contractor. Accurate specifications were needed to insure genuine competitive bidding for this contract.

The Bureau also assisted in preparing specifications covering the collection of ashes and garbage. This year the city also entered into a three-year contract for the performance of these services.

The Bureau devoted a great deal of attention to the city budget and the budget of Oneida County and worked with the city officials in determining the exact amount of the present bonded debt of the city, in estimating the amount of the bond issues which will be necessary in the immediate future, and in computing the city's debt limit and debt margin.

The Bureau was instrumental in securing the passage of legislation placing the county sheriff on a salary instead of a fee basis. The sheriff's salary in the future will be $6,000 a year, and all fees collected by his office will be deposited in the county treasury. It has been estimated that the county sheriff in Oneida County collects from $12,000 to $20,000 a year in fees.

At the request of the mayor, the Bureau secured information with reference to repaving and resurfacing practices in the larger cities of New York State. On the basis of information collected by the Bureau, the city adopted the policy of paying repaving and resurfacing costs out of general city funds. Formerly, such projects had been financed by special assessments on abutting property owners.

At the present time, the Bureau is endeavoring to devise a plan whereby the present police pension system can be placed on an actuarially sound basis. The Bureau is also working with the city administration on the problem of placing a new contract for street lighting.

John W. Nowland,
Executive Director

*

Tennessee Taxpayers Association.—The research staff of the Association completed its first state-wide survey of county, town and special taxing district government on June 30. This survey, conducted with the financial support of the investment houses holding membership in the Tennessee Municipal Security Dealers Association, resulted in the compilation of short reports upon each of the 269 units of local government in the state. These reports reveal the income, expenditures, bonded indebtedness, floating debt, overlapping debt and an analysis of the purposes for which bonds were issued. They also present an analysis of sinking fund assets, of those bond interest and principal payments in default, and a schedule of bond principal maturing annually for the next eight years. Various aspects of the assessed value of taxable property, property tax rates, taxes levied, tax delinquencies, budget procedure in vogue, an evaluation of accounting methods, etc., are set forth.

The records, administrative methods and to a limited extent the basic industrial, commercial, financial and agricultural structure supporting each unit of local government, were studied. The survey covered Tennessee's ninety-five counties, 150 incorporated towns and cities large enough to have bonded indebtedness outstanding, and twenty-four special taxing districts.

The distribution of the resulting reports upon the individual units of government was limited to the the investment houses which financed the survey. Summaries presenting the aggregates for the entire state and significant facts growing out of them, however, are to be made available for general distribution. Upon these ascertained facts and the intimate knowledge of local governmental conditions gained through the personal contacts with county and town officials, developed through the survey, the Association is preparing a legislation program for consideration by the 1937 general assembly upon which are based some substantial hopes of early improvement in the administration of county government.

In August 1936, a second contract was entered into for an annual survey of all these units, excluding, however, those towns having a bonded debt of less than $50,000. It is expected that this survey will become a fixed policy, on an annually recurring basis.

The fifth annual survey of the Tennessee state government is now being completed. The resulting report will first be mimeographed and distributed in small installments. Sections of from ten to thirty pages will be sent out as they are completed, rather than waiting until the entire report of perhaps 200 pages may be sent in one volume. When the last installment is dispatched, members of the legislature, state executives, the press, the membership of the Tennessee Taxpayers Association and those on the exchange list will be offered bound volumes of the complete report. The compilation of the statistical sections of the fifth annual state report has been greatly facilitated through the inauguration of a modern governmental accounting system and budgetary control over expenditures.

The improvements made in subjecting expenditures to scrutiny and an increased measure of control before liabilities are incurred, and holding outgo firmly within the limits of the biennial appropriation bill, enabled the state to close the fiscal year on June 30 with a continuation of about the same $5,000,000 annual reduction in expenditures that has occurred for three successive years. The annual deficit in the general fund—the only one in which a deficit occurs—has been reduced from the former level ranging from three to six millions per year to one of slightly over one million.

A sweeping reorganization of the state department of finance and taxation, which like the improved accounting procedure was recommended by the Association has been in progress for several months, under the direction of certified public accountants who specialize in governmental audits and administrative installations. Another force of public accountants and three special attorneys has conducted a detailed investigation of Tennessee's much publicized evasions of gasoline tax. State revenue collections in Tennessee for the fiscal year ended on June 30 showed a 12.4 per cent increase. The larger part of this was due, it is believed, to the progress of general business recovery. A part, nevertheless, is traceable to the correction of conditions which followed the gasoline tax evasion disclosures.

In June, members of the staff conducted an extended study tour of state and local government in Virginia and North Carolina. The results of these studies and the general background afforded by the four and one-half years' work of the Association are being employed in constructing a legislative program for further economies and governmental improvements to be submitted to the 1937 session of the Tennessee general assembly.

William R. Pouder,
Executive Secretary

*

Irvington (New Jersey) Council for Municipal Economy.—The Irvington Council was formed in May 1933, by about one hundred large property owners in Irvington. These men started out with the premise that the only way to reduce taxes was to reduce the cost of local government, and they decided to attack this problem as they would a financial problem in their own businesses. In other words, they felt that the proper solution lay in introducing good business methods and principles into the important business of running Irvington's municipal government.

They realized that whatever suggestions they might make to the city for bringing down costs would have little value unless such suggestions were founded on a thorough knowledge of the facts. Therefore, they proposed to make detailed studies of every item in the municipal budget, which meant that every department and the school system as well would be surveyed with special attention given to cost of operation. Recommendations, when ready, were not to be made at public hearings or meetings where they might embarrass the officials and "put them on the spot." They would, instead, be offered at private conferences with the official or officials interested, where the findings and suggestions resulting therefrom could be discussed frankly and fully. Salesmanship, not pressure or threats of political action, would provide the motive power to further recommendations. The founders of the Council went on the assumption that every elected office holder wants to make a good record in office and that even the deepest dyed politician realizes what a political asset a good record is. The Council sought results, not credit. It was felt that the credit for improvement should go to the public officials who had the intelligence and courage to recognize and adopt worth while suggestions in the face of the importunities of the ever present machine politicians, ward-heelers and special interests. Politics and newspaper headlines were ruled out, and as for "axes to grind," members of the council had but one—a reduced tax levy that would benefit not only themselves but every property owner in Irvington.

The Council has now concluded three years of rather intensive activity. In this three-year period, Irvington's gross debt has been reduced by $2,615,000 and will continue to be reduced by nearly $500,000 yearly. The city is now operating on a pay-as-you-go basis. No longer does the city borrow in anticipation of tax collection.

In May 1933, tax collections were badly crippled, due partly to economic conditions and partly to an antiquated collection system. Today Irvington has an up-to-date collection system, which has helped to eliminate the delinquency problem.

The cost of operating five municipal departments has been reduced by $135,000 a year. This does not include savings due to pay cuts, which have been restored. The cost of operating the schools has also been reduced by a substantial amount, approximately $125,000 not counting savings from salary reductions.

Both municipal departments and the school system are being run more efficiently and are giving more adequate service to the community today than at any other time in the history of the town.

In conducting a comprehensive school survey, the Council had the assistance of Dr. William H. Allen of the Institute for Public Service of New York; in conducting a hospital survey, the assistance of Dr. Carl McCombs of the Institute of Public Administration.

A. A. Burger, *Secretary*

*

Bureau of Governmental Research, Indianapolis Chamber of Commerce.—During its second year of existence the Bureau of Governmental Research of the Indianapolis Chamber of Commerce participated in a number of important surveys and studies.

The regular session of the Indiana legislature, meeting in 1935, adopted a law which gave the city of Indianapolis a semblance of a merit system in the police and fire departments. Under the terms of this law, both departments were required to establish training schools. Before the police school could get under way, it was necessary to revise completely the police manual, which had not been revised since 1920. Almost all existing rules and regulations in the police department had to be redrafted to meet present day requirements, and a completely new set of rules had to be drawn up to govern the use of police radio. The director of the Bureau assisted the commanding officers of the Indianapolis police department in the preparation of this new police manual and after it had been completed, the Bureau assisted the police department in establishing its school for police recruits.

The director of the Bureau also supervised a study of the powers and duties of Indiana police officers and the preparation of a manual giving brief definitions of felonies and major misdemeanors under the Indiana law. This manual will be useful to all classes of Indiana peace officers.

The last classification of city positions was made in 1917, when the New York Bureau of Municipal Research surveyed the government of the city of Indianapolis. At the request of the mayor, the Bureau, with the assistance of a staff of WPA workers, drafted a questionnaire which was subsequently filled out by every city employee. On the basis of these questionnaires, positions were re-classified and tentative pay schedules set up. This comprehensive personnel study was used by the mayor in preparing his 1937 budget.

In Indiana the various county tax adjustment boards review the budgets of all local units of government for the purpose of attempting to keep the tax rate within the limit established by law (1.5 per cent of assessed valuation is the limit within incorporated municipalities; 1 per cent in unincorporated areas). The county tax adjustment boards have the authority to declare that an emergency exists and to permit levies which are in the aggregate more than 1.5 per cent of assessed valuation. The tax adjustment boards, composed partly of officials and partly of lay citizens, have only two weeks in which to review the budgets of all local governments within their respective counties and have no technical assistants to help them with this very large and responsible task. Last year the Bureau prepared for the Marion County tax adjustment board a comprehensive statement, comparing expenditures over a period of years, pointing out the reasons for increases and recommending, in a number of instances, decreases in specific items of various budgets. This statement proved helpful to the board in fixing 1936 tax rates. The Bureau plans to prepare a similar statement for use in connection with the examination of 1937 budgets.

A study of old age pension statistics of Indiana for 1935 was compiled. This compilation was similar in form and content to the one made last year covering 1934 statistics.

At the request of the Indianapolis City Council, the Bureau prepared a memorandum outlining the possibilities of motor vehicle inspection.

The director of the Bureau worked with special drafting and special legislative committees of the state government in preparing legislation, reorganizing the public welfare agencies of the state to meet the requirements of the social security act.

At the present time, Virgil Sheppard, director of the Bureau, is on leave of absence and is serving as the director of the Public Assistance Division of the Indiana State Department of Public Welfare. As director of the Public Assistance Division, he has assisted in the preparation of rules and regulations and procedures governing the administration of old age assistance, assistance to the needy blind and assistance to dependent children in their own homes, in accordance with the requirements of the social security act. Mr. Sheppard has also served as a member of the advisory committee which worked with the Consulting and Research Division of Public Administration Service, which agency had been called into help with the drafting of a comprehensive, up-to-date merit plan for personnel management in the Indiana Department of Public Welfare and the Division of Unemployment Compensation.

In the absence of Mr. Sheppard, the Bureau of Governmental Research is under the immediate supervision of Mr. William H. Book, executive vice-president of the Indianapolis Chamber of Commerce.

*

Public Administration Service.—The year thus far has been an extremely active one as indicated by the following brief summary of the survey, research, and installation projects carried on during this period.

A survey of personnel administration of Cincinnati, Hamilton County and the Cincinnati school board, for the city-county-schools coördinating committee, which was begun early last fall, was completed by Joseph Pois.

A reorganization and installation for the highway department of Greenwich, Connecticut, which was begun in January of this year, was completed and reviewed by Walter Harris, Clarence Bingham, and William Lafferty.

Public Administration Service is participating in the New York State Regents Inquiry into the Character and Cost of Public Education of which Luther Gulick is the director. Gustave Moe, chief of field staff, is supervisor of the PAS phases of the work which relate to school administration, finance, business management, and educational costs. Other staff members working on the project are John Willmott, Russell Drake, and Walter Harris. It is estimated that work on this study will not be completed until spring of next year.

For the state of Kentucky, Public Administration Service is directing the installation of modern administrative and financial procedures as authorized by the reorganization act passed by the state legislature. Mr. Pois is supervising the project. Other PAS staff members working on this project are: Walter Harris, Robert Clark, Milton Provus, Edward Wilber, and Israel Rafkind. Miss Vera Lee has been borrowed from the Kentucky WPA and ERA offices to assist on this project. It is expected that this study, which was started last March, will be completed by the end of the year.

The report of the personnel survey in Michigan and a proposed civil service act for the state were completed by David Robinson. This study was undertaken for the Michigan Civil Service Study Commission.

Public Administration Service is assisting in a personnel installation in the Indiana public welfare department and the unemployment compensation division. The staff consists of Mr. A. E. Garey, personnel director of the state of Wisconsin, who has been borrowed to direct the study, and Merrill Collett of the staff of Public Administration Service.

Demonstration municipal personnel installations in Flint, Dearborn, and Saginaw, Michigan are being conducted by Public Administration Service. These installations are part of a joint personnel program sponsored by the Michigan Municipal League and the Civil Service Assembly in the state of Michigan. Charles Yard and James Mitchell of the staff of Public Administration Service are working on this project and are being assisted by Maxwell DeVoe of the staff of the Civil Service Assembly.

A survey and installation program for the city of Saginaw, Michigan is being carried on by Public Administration Service in the four departments of public works, welfare, police, and motor equipment. David Robinson is directing the job and has been assisted by William Lafferty, Louis Hosch, technical consultant of the American Public Welfare Association, and Arnold Miles, assistant to the director of the American Municipal Association.

Public Administration Service has been conducting a survey and installation in the department of public welfare of Springfield, Massachusetts. The staff on this job consisted of Russell Drake, William Lafferty, and Louis Hosch.

A survey was recently completed of the treasury, purchasing, and personnel divisions for Monroe County, New York. John Willmott, Gustave Moe, and Russell Drake composed the staff working on this project.

A survey of the police and fire departments is being conducted for Winnetka, Illinois. Mr. Robinson is directing the survey and is being assisted by Lyman Moore of the International City Managers' Association.

Public Administration Service has rendered an increased program of services to the International Association of Chiefs of Police. These have included publication of the Police Chiefs' News Letter, the compilation of a selected police bibliography, direction of a membership campaign, and assistance in research and inquiry services.

Several recent additions have been made to the permanent staff of Public Administration Service. They are: Edward B. Wilber, who was formerly a field representative for International Business Machine Company; Charles F. Yard, a senior examiner with the New Jersey State Civil Service Commission and before that with the New Jersey State Highway Commission; James M. Mitchell, formerly acting personnel officer with the Farm Credit Administration in Omaha and with Oliver Short in Maryland; Robert W. Clark, organizer and supervisor of Connecticut's CWA and ERA work relief program and more recently of the regents education inquiry in New York; Merrill Collett, formerly with the division of procedures of the Works Progress Administration; and Milton Provus, for the past two years with the Farm Credit Administration and before that with J. L. Jacobs, public administration consultant. Arnold Miles resigned from the staff of Public Administration Service to become assistant to the director of the American Municipal Association.

Donald C. Stone, *Director.*

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Federal Commissioners. By E. Pendleton Herring. Cambridge, Harvard University Press, 1936, 151 pp. $1.50.

Two major faults in our present system of federal government regulatory agencies are the average brevity of service of the commissioners and the lack of intimate knowledge of administrative duties on the part of most appointees. These findings are based by the author on a study of the careers and qualifications of all holding office since the origin of each agency in the Interstate Commerce Commission, the Federal Reserve Board, the U. S. Tariff Commission, the Federal Trade Commission, the Federal Power Commission, the Securities and Exchange Commission, the Federal Radio Commission and its successor, the Federal Communications Commission.

A short probationary appointment of about four or five years to be followed by a twelve year term for those who have demonstrated their competence is suggested and once more is emphasized the need for building up a career service so that the important office of commissioner may be held by one who has filled minor posts with great success and has a sound background of administrative experience.

Appendices contain interesting detailed information obtained through questionnaires sent to those now serving and those who formerly served on the federal commissions.

*

Taxation and Public Policy. Edited by Paul Studenski. New York, Richard R. Smith, 1936. 267 pp. $3.00.

Perhaps the most valuable service to render the prospective readers (and they should be many) of this symposium is to list the chapter headings and their authors. This has been justly termed the "lazy man's" method of book reviewing but in this instance it performs a service impossible of performance otherwise. Here they are:

Public Finance in the World Crisis	Paul Studenski
Public Budgeting	A. E. Buck
American Federal Finance	William Withers
American State Finance	M. Slade Kendrick
American Local Taxation	Philip H. Cornick
American Educational Finance	John K. Norton
Municipal Credit in the United States	Frederick L. Bird
Coördination of American Federal, State, and Local Finance	Clarence Heer
European Public Finance in the World Crisis	Gerhard Colm
Who Pays for War? — An Englishman's Point of View	Hugh Dalton
Who Should Pay for the Next War? — An American Proposal	Paul Studenski
A Tax Program for the Future	Paul Studenski

Most of the chapters appeared originally in *The Nation,* which published the series to contribute the point of view of the younger economists and specialists in public finance on the major problems in that field. Publication in book form, with the added chapters by Frederick L. Bird and the editor, is a real service in these times of pressing public finance problems.

*

Legislative Processes: National and State. By Joseph P. Chamberlain. New

York, D. Appleton-Century Company, 369 pp. $3.50.

The intermediary processes from the time a bill is prepared until it emerges as law are complicated enough to make the average citizen dizzy. Many a civic minded group desirous of obtaining certain legislation has given up for lack of sufficient information of how to have a bill introduced and how to follow it through. Textbooks on state government attempting to cover the subject in a few paragraphs are not explicit enough for practical purposes; nor is the average legislator, familiar as he is with particular parts of the process, of much assistance in presenting a lucid outline of the whole procedure in the legislative mill.

And thus, although Dr. Chamberlain designed his material chiefly for university classes in legislation, he fulfills a real need of citizenry with his well rounded discussion of the lawmaking function of legislative bodies. The object of the book is "to consider the organization which has grown up in the legislative bodies of this country for the purposes of getting laws made, of examining the facts and the policies behind a proposal, of weighing public opinion pro and con and of properly drafting bills".

The author who is professor of public law at Columbia University and director of the Legislative Drafting Research Fund of that university has had long experience with the preparation and handling of bills. He has drawn, too, upon the experience of members of congress and state legislators.

The relationship of the President to congress and the governor to the state legislature, in the passage of laws, receives attention as well as the place of the political party. The powers of the courts in determining the constitutionality of laws and interpreting them is described and there is discussion of the treaty as law.

New York Advancing. Edited by Rebecca B. Rankin. Published by city of New York, 1936, 368 pp., illustrated. Fifty cents.

Progressive achievements of Mayor La Guardia's Fusion administration since it took office on Jan. 1, 1934 are recounted in this de luxe year book. Summarizing the salient work of all city departments during the last two years, the volume presents a powerful picture of municipal government in action. It portrays the expansion of the city's park system, its transportation, water supply, municipal housing and relief activities. Emphasizing the part municipal government should play in developing cultural opportunities, it presents plans for establishment of a huge municipal art center and details advances in cultural education in the city schools. New experiments in public education are set forth; plans for a municipal power plant are discussed and the necessity for revising the antiquated city charter is explained.

Officials of other cities and readers interested in municipal government will find this book a clear and succinct account of what New York has done in the last two years and what it hopes to do in the future.

William R. Conklin

*

A Bibliography of Police Administration and Police Science. By Sarah Greer, New York, Institute of Public Administration, 1936. 152 pp. $1.50.

There has long been need for the bibliography which Miss Sarah Greer, Librarian of the Institute of Public Administration, now presents. Done with her usual thoroughness and an eye to the requirements of the technician as well as of the casual student, the book not only supplies another welcome addition to her own bibliographic series but gives us for the first time the key to a whole storehouse of material on police science.

The dramatic ways in which scientific crime detection has come to the aid of the authorities within recent years have focussed attention on this phase of police administration. Miss Greer's selection of material in this field is admirable, ranging from the most scientific of police works in other languages to Arthur Koehler's popularly written article in the *Saturday Evening Post* on "Who made that ladder?"

It is true that there are two other bibliographies that touch this field: Kuhlman and Culver's work on criminal justice and Sir John Cumming's bibliography but the former is more general and the latter's emphasis is British. Neither detracts from the contribution to the field made by this welcome newcomer.

H. P. J.

NATIONAL MUNICIPAL REVIEW

NOVEMBER ✣ 1936

Municipal Problems Facing the 75th Congress
• • • J. KERWIN WILLIAMS

Rhode Island—A City-State?
• • • ROBERT M. GOODRICH

The Municipal Power of Investigation
• • • SOPHIA A. OLMSTED

The Saga of a Village Manager
• • • PHILIP D. TAYLOR

State Aid and Tax Limitation in California
• • • WINSTON W. CROUCH

Town Planning and Taxation: Friends or Foes?
• • • HAROLD S. BUTTENHEIM

Published at 150 FREMONT STREET, WORCESTER, MASS., by the

NATIONAL MUNICIPAL LEAGUE

309 EAST 34th STREET, NEW YORK, N. Y.

VOLUME XXV, NO. 11 TOTAL NUMBER 245

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York, N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND EGGER, Foreign News
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis *First Vice President*
C. A. Dykstra, Cincinnati *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
L. Arnold Frye, New York
Robert M. Goodrich, Providence R. I.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
David Hinshaw, Westtown, Pa.
Robert W. Johnson, Princeton, N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 11
TOTAL NO. 245

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR NOVEMBER

The League's Business ....*Howard P. Jones* 638

Editorial Comment ....*H. P. J.* 639

Municipal Problems Facing the 75th Congress. .*J. Kerwin Williams* 641

Rhode Island—A City-State?................*Robert M. Goodrich* 645

The Municipal Power of Investigation........*Sophia A. Olmsted* 649

The Saga of a Village Manager................*Philip D. Taylor* 654

State Aid and Tax Limitation in California. .*Winston W. Crouch* 659

Town Planning and Taxation: Friends or Foes?
Harold S. Buttenheim 663

Recent News Reviewed

Notes and Events.............................*H. M. Olmsted* 669
County and Township Government............*Paul W. Wager* 671
Taxation and Finance ....*Wade S. Smith* 674
Proportional Representation............*George H. Hallett, Jr.* 677
Governmental Research Association Notes ...*Robert M. Paige* 680

Recent Books Reviewed.......................*Geneva Seybold* 687

The contents of the National Municipal Review are indexed in the *Engineering Index Service,* the *Index to Legal Periodicals,* the *International Index to Periodicals* and in *Public Affairs Information Service.*

copyright 1936 by
National Municipal League

THE LEAGUE'S BUSINESS

The League's Forty-second Annual Conference.—Group sessions on Monday and Tuesday, both during the morning and afternoon, will provide opportunity to hear a large number of speakers at the League's annual Conference November 16 and 17 at the Commodore Perry Hotel in Toledo. This type of meeting, which also permits some time for discussion, has found most favor at previous conventions.

A round table on "The Effect of Subsidized Public Housing on Municipal Government" will meet Tuesday morning only. Mr. Ernest J. Bohn, chairman of the Housing Committee of the Cleveland City Council, will preside. A group session on the "Reconstruction of Municipal Finance" with Dr. Thomas H. Reed, director of the Municipal Consultant Service and John S. Linen, second vice-president, Chase National Bank, presiding, will be the only session meeting all day Monday and Tuesday. All other group sessions will be held through all of Monday and Tuesday morning with the exception of luncheon periods and evenings. They are: Social Security and Unemployment Relief, Fred K. Hoehler, executive director, American Public Welfare Association, presiding; Techniques of Citizen Education, and Action, Dr. Alonzo G. Grace, University of Rochester, presiding; The Problem of Law Enforcement, Leyton E. Carter, director of the Cleveland Foundation, presiding; Selection of Candidates for Public Office, Richard S. Childs, president of the City Club of New York, presiding; County Government Reorganization, the Honorable Seabury C. Mastick, chairman of the New York State Commission for the Revision of the Tax Laws, presiding; and Municipal Personnel Problems and Administration, with Dean William E. Mosher, Syracuse University, presiding.

The annual banquet of the League will take place Monday evening with Dr. Harold W. Dodds, president of the League and the Honorable Murray Seasongood, former president of the League, as speakers. Mr. W. W. Knight of Toledo will preside.

The Honorable Roy C. Start, mayor of Toledo, will preside Monday at the luncheon meeting at which Dr. A. R. Hatton, head of the political science department of Northwestern University, will speak on "The Revival of Aggressive Citizenship".

Robert Livingston Johnson, president of the National Civil Service Reform League and vice-president of Time, Inc. will be speaker at the luncheon on Tuesday. The Proportional Representation League will hold its annual meeting in connection with a dinner Tuesday night. Speakers will include Joseph D. McGoldrick, former city comptroller of New York and a member of that city's Charter Revision Commission, who will describe New York's successful campaign for proportional representation and a new charter; Judge Aaron B. Cohn and William E. Galvin of Toledo; and Henry Bentley of Cincinnati.

* * *

Nomination of Officers for 1937.—The Committee on Nominations has now issued its report on League officers for 1937. The following nominations have been submitted: *President,* Harold W. Dodds; *First Vice-President,* Marguerite M. Wells; *Second Vice-President,* C. A. Dykstra; *Treasurer,* Carl H. Pforzheimer; *Honorary Secretary,* Clinton Rogers Woodruff; *Honorary Vice-Presidents,* Frank Aydelotte, Charles A. Beard, H. L. Brittain, Henry Bruere, Charles C. Burlingham, Nicholas Murray Butler, Harry F. Byrd, Harry Woodburn Chase, Frederick A. Delano, John N. Edy, Samuel S. Fels, Mayo Fesler, Russell Forbes, A. R. Hatton, John R. Haynes, Frank O. Lowden, C. E. Merriam, W. B. Munro, Frank L. Polk, Chester H. Rowell, Murray Seasongood, Miss Belle Sherwin, Mrs. F. Louis Slade, Mr. George E. Vincent and A. Leo Weil; *Council* (three-year term), Carter W. Atkins, Louis Brownlow, Charles Evans Hughes, Jr., Frank H. Morse, William E. Mosher, William B. Moulton, Philip C. Nash, Henry D. Sharpe, Laurence A. Tanzer, W. Earl Weller (to fill unexpired term) and John G. Winant.

Howard P. Jones, *Secretary*

Editorial Comment
❖
November

NATIONAL MUNICIPAL REVIEW

Vol. XXV, No. 11 Total No. 245

Rhode Island Turns To Reform

Rhode Island has been characterized as "more New England than New England". Presumably, this conjures up a picture of ultra-conservatism, charming provincialism and a thorough contentment with established institutions. A certain flinty quality in the New Englander forbids us to think of him as easy-going. He resists change, not because change involves much effort in readjustment but because, in his canny Yankee way, he sees little sense in getting things all stirred up unless he is certain to be better off afterward. His is the attitude of maturity toward change.

All the more interesting, therefore, is the suggestion from the pen of Research Director Robert M. Goodrich that Rhode Island is beginning to ponder the possibility of being the first city-state in America. The problems of conflicting and duplicating governmental administrative machinery in an area hardly the size of a fair-sized western county are forcing the Rhode Island taxpayer to serious consideration of a fundamental governmental problem—the inefficiency resulting from overlapping functions of city and state.

This is not the first time we have heard of the city-state conception in American government. Charles E. Merriam urged it seriously in 1930 as the obvious solution to Chicago's pressing financial and service problems of local government. There the immediate problem was quite different from that of Rhode Island, however. Chicago, a metropolitan area of some 5,000,000 persons, was being run entirely too much by rural-minded legislators in Springfield. Chicago could not pry sufficient home-rule power out of the legislature to solve its own problems and the legislature certainly was in no position to solve them. The sensational remedy of secession from Illinois was trotted out by Dr. Merriam, perhaps half seriously and half in an effort to dramatize Chicago's plight. Not that the suggestion from an administrative standpoint is necessarily impractical. The obstacles, legal, financial and political, are, of course, far greater to the secession of Chicago from Illinois or New York City from New York State or Detroit from Michigan than they are to the mere obtaining of adequate municipal home rule.

Rhode Island, however, is in quite a different position. Here is a state dominated by one large city and small enough to function as a city-state. Here are no obstacles to be overcome other than the usual ones of tradition, and the opposition of chronic office holders. City-state consolidation is more than a political scientist's dream—it is a potential possibility which the increasing complexity of governmental problems in Rhode Island may bring within the realm of the realizable. The suggestion has, of course, hardly reached the stage where it should be taken too seriously. For one thing, Providence is now in process of drafting a badly needed new charter for submission to the next Rhode Island legislature and presumably this should come first. Yet Rhode Island would be ideal in many ways as the *situs* of a new municipal laboratory, and the student of government cannot help but hope that out of the stirring interest in these matters, may come something new and eminently worth while.

More Call For Research Bureaus

NEW interest in research on the part of taxpayer groups is becoming increasingly evident with the growing realization that all the problems of local government are not by any means going to be solved automatically by the return of good times.

The revival of business naturally should instill renewed vigor into the local research bureau movement which in common with other citizen organizations financed from private sources has had tough sledding during the depression. But there is more to it than this. The business man has been taught by the depression that governmental costs do not decline with a drop in his own income. He has had to face the necessity in many instances for meeting tax bills out of capital instead of income. He is seriously alarmed by the continuing rise in governmental costs, is alert to the problems of local government as they are reflected in his own expenditures and in services to himself to an extent that has probably never before been true.

This should mean that he will want to keep track of what his local government is doing in a way that, with a few notable exceptions, he never dreamed of doing before. For this purpose he will need a research arm, a fact-finding agency that can be on the job all of the time, supplying him with the information he requires regarding the operations of the local government as well as making suggestions for improving the efficiency of administration. Unless all signs fail, the research bureau movement should receive substantial impetus in the next few years.

Municipal Problems Facing the 75th Congress

Increasing federal-city relations dictate important measures on the Congressional agenda

J. KERWIN WILLIAMS

Brookings Institution

When the 75th Congress meets in January, one of the important problems on its agenda will be the framing of legislation affecting cities. This will be true regardless of which political party is in power or how great is the popular devotion to "states' rights." The growing complexity of our economic system, and the combination of inelastic local revenues with increasing demands for governmental services, will make it impossible for the legislators on Capitol Hill to sidestep entirely the problem of federal-city relations. The new and direct lines of communication and supply which have grown up between cities and the federal government are apparently due to increase rather than disappear.

This development does not mean, of course, that the galleries will ever see dignified senators creasing their brows over the installation of traffic lights in Miami, or that members of the House of Representatives will select a new fire engine for Detroit. More important still, it does not signify that the constitutional and legal status of states and cities is being altered, or that the way is being paved for a centralized Secretariat of Municipal Affairs.[1] Yet no one can deny that the incoming Congress will sit in legislative session to discuss municipal problems, and will do endless hours of committee work on bills affecting cities as political units.

The Congresses which have assembled since the low point of the depression have authorized the allotment of several billions of dollars for such purposes as public works, relief, and flood and disaster rehabilitation, and municipalities have been authorized to dip out their share in the form of loans, grants, or both, without being required to have the money funneled to them through the states. Outside the field of appropriations numerous other federal policies have been adopted which have, for example, bolstered municipal credit, provided a breathing-spell for insolvent communities, aided city tax collections, provided for coöperation with municipal police departments in crime control and police training, or given "in-service" training to city employees. The 75th Congress, therefore, is expected by municipal officials to make provision for carrying forward many of the activities already started, as well as to embark on an extended program of federal-city contacts.

MUNICIPAL "BANKRUPTCY" ACTS

The problem of municipal debt-readjustment legislation is almost certain to be considered in the coming session of Congress, since there is now no hope that the United States Supreme Court will reverse in the near future its 5-4 judicial knock-out of the municipal bankruptcy act of 1934.[2] After its adverse decision on May 25, 1936 in the case of *C. L. Ashton et al. v. Cameron County Water Improvement District No. One,* the Supreme Court granted a stay of execution and the privilege of presenting the case for rehearing. In the middle of October, however, despite the requests of ten states, the court denied the rehearing, an event which may have the effect of forcing Congress to frame another law for the same purposes. Under the act of 1934, which five justices characterized as an unconstitutional invasion of the sovereignty of the states and a subjecting of political subdivisions to federal "interference," insolvent local governments were empowered to work out an orderly, voluntary readjustment of their debt structure with the consent of the Federal District Court and the holders of a large proportion of the local bonds. The adjustment ordinarily consisted merely of a postponement of maturity dates or a temporary moratorium on certain portions of the debt. Recalcitrant minority creditors were debarred, during this process of debt adjustment, from exercising their previous privilege of repeatedly mandamusing the local government to pay their claims immediately and in full.

---

[1] Cf. J. Kerwin Williams, "The Status of Cities under Recent Federal Legislation," *American Political Science Review*, December 1936.

One possible substitute for the invalidated bill is the proposal offered by Representative Wilcox of Florida in the closing days of the last session. This revised draft is based on an ingenious though not entirely tenable theory. Its proponents argue that since states are clearly prohibited by the contract clause of the Federal Constitution from passing a bankruptcy bill impairing the obligation of past debts, and the sole state power over bankruptcy is confined to prospective debts, *ergo*—the federal government is clearly not invading states' rights in legislating on the readjustment of debts incurred by localities in the past. The bill thus attempts to meet the Supreme Court's objections by confining the jurisdiction of the federal government to past and not to future debts of local units.

REGULATION OF BONDHOLDERS' COMMITTEES

Insolvent communities have a further interest in the 75th Congress in regard to regulation of the personnel and practices of "protective" committees formed in connection with municipal debt readjustments. A report submitted to the last Congress by the Securities and Exchange Commission[3] pointed out the need for a federal check-rein on the activities of such committees, but a bill introduced in the House to give effect to the Commission's recommendations died in committee.[4] The unsatisfactory conditions which called for the regulation of municipal bondholders' committees are still in evidence, however, and some action is likely to be taken in the 75th Congress. It is not improbable that the "protective" committees will be placed under the control of the Securities and Exchange Commission and be forced to obtain a certificate of authority from that commission before commencing activities. Under this arrangement, the committees may be required to file statements concerning their formation, personnel, finances, and activities, as well as data on the condition of their securities, under penalty of being forbidden the use of the mails or other instrumentalities of interstate commerce.

---

[2] Public No. 251, 73rd Cong., Approved May 24, 1934.

[3] Report on the Study and Investigation of the Work, Activities, Personnel and Functions of Protective and Reorganization Committees—PART IV—Committees for the Holders of Municipal and Quasi-Municipal Obligations. Released by the Securities and Exchange Commission April 30, 1936.

[4] H. R. 12078, introduced by Representative Wilcox of Florida.

RELIEF AND PUBLIC WORKS

Another legislative problem in which cities have an interest is the amount of additional appropriations for relief and public works. At the last session of Congress, $1,500,000,000 was set aside for relief purposes, and the Public Works Administration was authorized to make grants to local governments from its $300,000,000 revolving loan fund. These sums, however, were not expected to last until the close of the present fiscal year on June 30, 1937. Further appropriations will undoubtedly have to be made, their size depending upon the extent to which private industry is able to take employables from the relief rolls.

Special provisions relating to transient relief may result from the study now being carried on in the Department of Labor in pursuance of a Senate Resolution passed June 18, 1936.[5] It is important to note, however, that the Secretary of Labor was merely authorized to study the problem of *laborers* migrating across state lines, and the suggested legislation will probably not deal with the problem of unemployable transients, a group which was returned to the care of states and localities with the passage of the Emergency Relief Appropriation Act of 1935.[6] The bills proposed in the last session by Representative Wilcox and the late Senator Park Trammell of Florida may therefore be revived, to extend federal grants-in-aid to states with approved methods of caring for needy transients, both employable and unemployable. As introduced last spring, the bills recommended annual federal appropriations of $50,000,000.

LOW-RENT HOUSING

The fate of public housing legislation in the next Congress will depend to a large extent on who is the occupant of the White House. It is safe to assume, however, that some variant of the proposed "United States Housing Act" sponsored in the last Congress by Senator Robert Wagner and Representative Ellenbogen, will at least be introduced in the next session. Up to the present time, the federal government itself has erected and administered low-rent housing projects, constructed on the application of municipal officials and civic groups. If the principle of the Wagner Bill should be put into effect, however, the purely federal housing projects would be confined to "demonstration" developments, and the main task of supplying decent low-rental dwellings would fall upon urban governments, assisted by federal grants-in-aid. The federal government would doubtless retain the right to prescribe labor standards, wages, and hours of work on the projects, and to review the cost and reasonableness of construction contracts.

R. F. C. LOANS

Another attempt may be made to have the federal government cancel the indebtedness of cities and counties growing out of advances for relief and work relief made by the Reconstruction Finance Corporation under Title I of the Emergency Relief and Construction Act of 1932. A bill to accomplish this purpose was introduced in the last

---

[5] S. Res. 298, 74th Cong., 2nd Session.

[6] Pub. Res. No. 11, 74th Cong. Approved April 8, 1935. This Act set up the federal work program for needy employables and returned destitute unemployables to the care of states and localities. The Social Security Act of 1935 provided for federal grants-in-aid to states having approved plans for caring for certain groups of these unemployables, such as the aged, blind, mothers with dependent children, etc.

Congress by Representative Rabaut of Michigan but was pigeon-holed in the Committee on Banking and Currency. A number of cities are still eager to have such a measure placed on the statute books, however, in order to correct a seeming injustice to political subdivisions. The provision in the act of 1932 that states should make repayment for their borrowings from the R. F. C. by deductions from future federal road grants was repealed in 1934 and no alternative procedure indicated, thus postponing state repayment for an indefinite period and possibly, in effect, cancelling the loans. Counties and cities, on the other hand, had to secure their loans by giving the R. F. C. evidences of indebtedness such as local bonds, and these obligations are now falling due. Since the borrowing cities have a total of $3,500,000 at stake, plus interest charges, and the counties owe more than $16,000,000, it is altogether likely that the question of cancellation may be threshed out on the floor of the next Congress.

LEGISLATION ON NAVIGABLE WATERS

If the 75th Congress follows up with actual appropriations the authorizations made in the last session for flood control activities, another federal-city relationship will be created. The statute which may thus be made effective provides for local contributions to certain flood control operations of the federal government on navigable waters or their tributaries. Local governments would be expected in most instances to provide the necessary lands and rights of way and to assume damage claims. Where such expenditures would amount to more than the estimated construction costs, however, local interests would be required to pay only one-half. The cost of this long-term program of flood control is expected to reach $300,000,000.

Other possible measures of the incoming Congress which cities should watch with interest are bills which may be introduced to prevent pollution of navigable waters by municipal sewage. Two important bills on this subject were introduced in the Senate in the last session, but failed to reach final action before adjournment.[7] Congress may decide, however, to meet the problem along the lines laid down in that proposal, which would have authorized the making of loans, grants, or both to municipalities for the construction, enlargement or improvement of sewage disposal plants and plants for the treatment of industrial wastes.

STRIKEBREAKERS' ACT

Industrial cities have a stake in all legislation touching labor problems. The doubtful legality of the "Strikebreakers' Act"[8] passed in the last Congress to prevent the transportation of strong-arm strikebreakers in interstate commerce may make it necessary for the incoming legislators to re-pass the bill. Due to mislabeling, the present act, which was sent to the White House for the President's signature on June 19, was not signed by the President for more than ten days after the 74th Congress had finally adjourned. If court tests should determine that the statute is therefore null and void, conditions in industrial cities might be seriously affected and re-passage of the bill would undoubtedly be considered in Congress.

---

[7] S. 3958, introduced by Senator Lonergan of Connecticut, and S. 4627, introduced by Senator Barkley of Kentucky.

[8] 74th Cong., 2nd Session, passed June 19, 1936.

Rhode Island—A City-State?

Efficient government demands that this state soon decide whether to emphasize state or local authority

ROBERT M. GOODRICH *Providence Governmental Research Bureau*

THE possibility that some day Rhode Island may effect a twentieth century version of the ancient city-state is at least an engaging speculation. Not that any such change is likely to occur immediately, but the proposal already has been advanced by one of the state's prominent citizens and it is more or less assured that a group of civic leaders will give study to the idea in the coming months. To appraise the possibilities of the plan, a brief outline of the essential characteristics of the state may be helpful.

Geographically, "Little Rhody" contains 1067 square miles. Its greatest length north and south is forty-eight miles and its greatest width east and west is thirty-seven miles. The longest distance between two post offices is reported by the highway department as exactly sixty miles. For governmental purposes the 1,067 square miles of area is divided into seven cities and thirty-two towns. Each of these units is exclusive of the others and except for certain minor special districts no overlapping of governments exists except the local unit with the state.

Neither the seven cities nor the thirty-two towns have any common pattern or legal definition. Towns become cities because the state legislature passes an act stating that a certain specified area shall henceforth be known as a city and shall be governed by a city council rather than by a town meeting. The cities vary in population from 23,196 to 252,981. One with a population of 25,898 has an area of but one square mile. The smallest city in population has the largest area.

Each of the seven cities has been incorporated by a special act of the general assembly, and hence the organization, powers, and duties of each city differ materially. Because of these special charters the general assembly is called on constantly to make revisions, and no small portion of the assembly's time is devoted each year to legislation dealing with strictly local affairs.

The thirty-two towns are somewhat more uniform in character. In population they vary from 402 to 29,995 inhabitants. In area they range from about ten to sixty square miles. The unique feature of the Rhode Island town is that although it may contain within its boundaries several distinct and separate settlements or communities, each possessing a sizable population, a post-office name, and generally a considerable historic background, nevertheless such villages or settlements have no corporate identity whatsoever and rely, with but minor exceptions, on the town for such governmental services as may be required. Many of these communities have populations of several thousand people but instead of being separate municipal corporations, as would be the case in every other state, in Rhode Island they are merely a part of the larger area known as the town.

The historic New England town meeting provides the governmental system for these areas, and the "electors of the town, qualified to vote upon any proposition to impose a tax or for the expenditure of money" assemble in town meeting at least once each year "for the purpose of ordering a tax to be levied and assessed on the ratable property of said town and the inhabitants thereof for the payment of the town's debts and interest, for the support of schools, for the support and maintenance of the poor, for the building, repairing and mending of highways, for the building and repairing of bridges, for the improvement, in any manner deemed fit, of any property belonging to the town, for all necessary charges and expenses whatsoever arising within said town—and for any or all other purposes authorized by law—".

COUNTY GOVERNMENT NON-EXISTENT

In addition to this basic structure of seven cities and thirty-two towns, Rhode Island contains five counties and some thirty or forty special districts. The five counties serve no purpose other than to define judicial districts. There are no county organizations, no county taxes, and no county officials except five sheriffs who are court officers elected by the general assembly and whose salaries are paid directly by the state. Although county government in all the New England states is of much less significance than in other sections of the country, in Rhode Island it truly may be said that county government does not exist. The court system, which is the only function to which the word county applies, is state regulated, state financed and state manned, from the lowest to the highest courts (except for a police court in Providence and a system of local probate courts).

The thirty or forty special districts provide the only instances of overlapping governments in the state. Most of these special districts have been created to make possible a system of volunteer fire protection. A few have been established to provide a water supply. Usually the districts lie wholly within a town or city, though some cut across boundary lines so as to include parts of two or more towns and cities. Each special district is created by special act of the general assembly and the powers and duties are narrowly restricted. Generally the district is given power to borrow and levy taxes, though in some cases authority is given the towns to appropriate funds directly to the special district. Because of the very limited purposes of the special districts in Rhode Island, no serious complications as yet have developed.

The distribution of governmental functions in Rhode Island between the state and the local units follows in general the usual pattern of other states with the difference that since there are no counties the state provides directly all such services as infirmaries, jails, penal and reform institutions, mental hospitals, Americanization work, rehabilitation of crippled and blind, probation work, and other functions usually rendered by counties.

STATE HAS DENSE POPULATION

Residing within this governmental pattern are 700,000 people, most of whom live and do business in the northern and eastern section of the state. The southern and western areas are devoted primarily to country estates, summer resorts, small farms and waste land. It is a curious fact that Rhode Island, which has the densest population of any state, has also the largest proportionate area in woodland.

The city of Providence, which is the center of the metropolitan district, has a population of 250,000 and an area of eighteen square miles. Immediately adjacent and surrounding Providence on all sides are two cities and three towns occupying an area of eighty-three square miles and having a combined population of 175,000. Directly beyond is another layer of nine satellite communities having a total population of approximately 100,000. The remaining 150,000 people of the state live in the area that lies more than fifteen miles from the center of Providence.

The problems created by this governmental arrangement and particularly by this concentration of population, in the main are those common to most other metropolitan areas. Certain specific problems, however, have arisen, such as an inferior police service in one community working alongside a reasonably efficient service in an adjoining community; a highly effective public health program being vitiated by an ineffective service on the other side of the boundary; services provided in one community such as hospitals, parks and recreation areas being utilized without cost by those in adjoining municipalities. These and the other more common problems of duplicated administrative machinery, unequal tax resources, conflicting jurisdictions, inadequate public service facilities and multiplicity of officials are becoming increasingly evident in this metropolitan area.

METROPOLITAN AUTHORITY

Normally, the course of procedure in moving to correct these complications and defects would be to consider the formation of some kind of an all-inclusive metropolitan authority. Such consideration, however, immediately raises the question as to the position of the state in such an arrangement. The state already has a police force, a public health service, a park department, a planning commission, a highway department, and other service agencies, and the more logical development would seem to be the expansion of these central services and the discontinuance of the local services. Opposing such a move, of course, would be the reluctance of the citizens to surrender their local autonomy.

OPPOSITION MIGHT BE OVERCOME

For a variety of reasons it seems reasonable to anticipate that this local opposition might be overcome. In the first place local autonomy is something that is talked about but seldom witnessed in Rhode Island. There is no provision granting home rule in the constitution and no restriction against special legislation. The general assembly may make no general grants of power to the local units and as a result the most detailed matters constantly go before the legislature for enactment. An example of the extent to which the state is called upon for authority in local affairs is evidenced by Chapter 2432, Laws of 1936, in which it is provided that: "The Shepard Company (a Providence retail store) is hereby authorized and empowered, with the consent of, and upon such terms and conditions as may be prescribed by the city council of the city of Providence, to build and maintain temporary structures over and across the sidewalks from its main entrances on Washington and Westminster streets . . ."

Another reason for believing that local opposition might be overcome is that the town organizations already have demonstrated that a community or settlement may maintain an identity without necessarily having a governmental organization. While there are only thirty-nine cities and towns in the state, there are more than a hundred post offices. Citizens may take justifiable pride in residing in Lonsdale, Saylesville or Manville, but governmentally there is no separate distinction—they are all of the town of Lincoln.

Because this is accepted as a matter of course, the idea that a government is necessary to gratify local pride is less of an obstacle in Rhode Island than would be the case elsewhere.

Granted that either partial or complete consolidation were possible, the really important question that arises is whether such an arrangement would serve the best interests of the citizens and the state as a whole. Rhode Island now holds the record for having the largest number of inhabitants per unit of government and it might seem wise to leave well enough alone and proceed cautiously with any idea of decreasing the number of local units. The difficulty is that such an attitude is impractical. Neither state nor local government is static and each year dozens of new laws are enacted which in their cumulative effect ultimately will answer the question whether Rhode Island will have strong central or local government.

DEFINITE CONVICTION NEEDED

Moreover the necessity for having a definite conviction on this problem arises constantly in efforts toward improving the administrative practices of the city of Providence. Should effort be directed, for example, toward improving the public health service in the city, or will best results be attained if the service is concentrated in the state? Or again, will the best interests of the greatest number be served by amplifying and perfecting a system of state police, or will such an end be reached by improving the character of the local police forces?

To answer that the fields of state and local units are different and therefore the services of both should be improved does not answer the problem in Rhode Island. Too many services provided by the state and local governments duplicate and overlap one another and further expansion will bring these conflicts into even clearer relief.

To proceed along lines that would serve to promote a metropolitan government means in practical effect concentration on improving the local governments and opposing any extension of the state's authority which ultimately might conflict with local responsibility. To develop the city-state idea would imply approval of the expansion of state functions and the gradual transfer of responsibilities and services from the local governments to the central authority.

CONCURRENT TRENDS

Current developments seem to lead in both directions. The functions and services of the state are constantly being broadened and at the same time the towns and cities are assuming new responsibilities and improving old services. The unbridled continuation of these concurrent trends cannot possibly result in an efficient or satisfactory system of government. Whatever the proper solution may be, the fact is that "Little Rhody" has an opportunity to save itself from a heap of trouble later on by deciding now whether it wants the state or the local government to be the important cog in the governmental machine.

The Municipal Power of Investigation

A survey of city charters shows that the powers of the department of investigation and accounts of the City of New York are almost unique

SOPHIA A. OLMSTED

Examiner, Legal Division, Office of Commissioner of Accounts, City of New York

FEW city charters have fortified their executive or administrative departments with the valuable tool of the full power of investigation. This is not to be confused with the far-reaching power of investigation which is inherent in the judiciary or in the legislative branches of all governments including the municipal.

Recent events in Newark, New Jersey, illustrate the judicial investigation of a municipal government. There five city commissioners, after several grand jury investigations and trials of other city officials, now face a sweeping court inquiry ordered by Supreme Court Justice Parker on a series of 134 specific charges of malfeasance filed by a taxpayers' group, which are to be heard by a special commissioner to be appointed by the court.

It is more or less axiomatic that legislative bodies including city councils have the power to investigate in order to determine worth while legislation. The former charter of the city of Toledo (Secs. 58 and 59) contains a typical statement of the power of investigation by council:

> The council, or any committee thereof duly authorized by council to do so, may investigate the financial transactions of any office or department of the city government, and the official acts and conduct of any city official, and by similar investigations may secure information upon any matter within its control as a legislative body. In conducting such investigations the council or any committee thereof, may compel the attendance of witnesses and the production of books, papers and other evidence, and for that purpose may issue subpoenas or attachments which shall be signed by the presiding officer of the council or the chairman of such committee, as the case may be, and may be served or executed by any officer authorized by law to serve subpoenas and other process.

For refusal to testify or to produce relevant papers or books, the council has the power to cause the witness to be punished for contempt.

A survey of the charters of various cities shows that even when the power of investigation has been granted to the executive or administrative divisions of the city governments, the power of subpoena is usually lacking.

In Cincinnati (Code of Ordinances, Ch. 2, Art. II, Sec. 4),

> The city manager shall have the power to investigate and make a survey of any department, bureau, division, office or employee, and with the approval of council may employ experts, legal counsel or consultants to aid him in such investigation or survey.

Both the city of Chicago and the city of Boston have finance commissions, but these are state agencies. The fact that the five members of the Boston Finance Commission are appointed by the governor makes it an instrumentality outside of the control of the city's executive.

> It is the duty of the commission to investigate at its discretion, all matters relating to appropriations, loans, expenditures, accounts and methods of administration affecting the city of Boston or the county of Suffolk, or any of their departments, and to report upon its investigations from time to time to the mayor, the city council, the governor, or the general court.

In Minneapolis, the Department of Investigation has no power of subpoena. Its major job is watching the budget. The discharge of city employees for wrongdoing is in the hands of the civil service commissioners. (Minneapolis City Charter, Ch. 19, Sec. 11.)

> Such charges shall be investigated by or before said civil service commission or by or before some officer or board appointed by said commission to conduct such investigation. . . . In the course of an investigation of charges, each member of the commission and of any board so appointed by it or any officer so appointed shall have the power to administer oaths and shall have power to secure by its subpoena both the attendance and testimony of witnesses and production of books and papers relevant to such investigation.

In Detroit (Charter, Chap. 3, Sec. 5), the election commission is an administrative agency with the power to subpoena witnesses.

The City of Los Angeles has established a Bureau of Budget and Efficiency. The director is appointed by the mayor, and proper financial support for the bureau and for its employees is mandatory. The charter (Sec. 398) provides that

> The Director of the Bureau of Budget and Efficiency shall have power and it shall be his duty to investigate the administration of the various departments of the city for the purpose of recommending to the mayor and council concerning the duties of the various positions in said departments, the methods of said departments, the standards of efficiency therein and such changes as in his judgment will permit economy and efficiency in the conduct of the city government.

The director of the bureau assists the mayor and council in the preparation of the annual budget and must furnish them with such aid, information or recommendations as shall be required of him in writing by them.

In its new city manager charter, the city of Toledo has retained the Commission of Publicity and Efficiency, which has been functioning well since 1917. The five members appointed for staggered terms, formerly designated by the mayor, are now appointed by the city manager. When authorized by the chief executive, the commission may conduct its investigations with the same powers of subpoena to compel the attendance of witnesses and the production of books and papers as are conferred upon the civil service commission. (Charter of 1919, Sec. 176).

The commissioners serve without compensation but employ a paid secretary. (Charter 1919, Chap. 9, Secs. 181-185). It is the duty of the commission to publish weekly the *Toledo City Journal;* "to investigate any and all departments and offices for the purpose of ascertaining the degree of efficiency with which public service is rendered"; to make periodic reports to the mayor, council and civil service commission and to make recommendations to them and other city officers; to publish these reports, recommendations and other information in the *City Journal*; to edit, print and distribute all muncipal records including annual reports of administrative departments and to collect and supply information, and statistics for all offices and departments. Power is given to the commission in that

> It shall be the duty of every office and of every department or division, through the chiefs thereof, to place at the inspection and for the use of the commission all records, reports, documents and statutes concerning said office, department or division, and to answer any interrogation of the commission concerning the working of said office, department or division, or the service rendered by

> any employee within the same. It shall be the duty of the clerk and of the chairman or acting chairman of any council committee, to furnish the commission, upon the request of the secretary or of any commissioner, full information concerning the transactions or proceedings of the council, or of any committee thereof.

THE EYES AND EARS OF THE MAYOR

In the office of the commissioner of accounts of the city of New York, which is an administrative department under the mayor, known as the Department of Investigation and Accounts, popularly called "The Eyes and Ears of the Mayor", is found the most extensive application of the executive power of investigation.

TWEED LOOTING CAUSE OF OFFICE

The history of the office of the commissioner of accounts goes back to 1870, when Tweed and his cohorts looted the city treasury and saddled an enormous debt upon the taxpayers. After the exposure of that carnival of crime by the Committee of Seventy under the leadership of Samuel J. Tilden, the citizens woke up to the fact that there was need for an effectual check upon the expenditures of the city. The looting of the city treasury at that time was accomplished by collusion between the comptroller and the city chamberlain, both of whom suddenly disappeared from the city when the scandal broke. The aroused public demanded that the work of reform should not stop with the removal from office of the guilty public officials nor with their punishment, but that the law should be made as watertight as possible to prevent any future repetition of such dishonesty. A new public office, the office of the commissioner of accounts, was created, to be appointed by the mayor, removable at his pleasure, and to be entirely independent of every other department of the city government. In order to check on these other offices, the law of 1873 made it the duty of this new public officer to go into and to examine the accounts of all other city departments. Later, by the laws of 1884, the commissioners of accounts (there were two then) were given full power to compel the attendance of witnesses, administer oaths and examine such persons as they might deem necessary.

So satisfactory on the whole was this new public office found as a check on malfeasance and irregularity that the charter adopted at the turn of the century upon consolidation of the city of New York continued the office and extended its investigative powers to all boroughs and counties within the new greater city.

The office has been a magnet for able and brilliant men. John Purroy Mitchel who later became Fusion mayor had served as commissioner of accounts under Mayor McClellan in 1907 and 1908. Raymond B. Fosdick served under Mayor Gaynor from 1909 to 1911. Leonard M. Wallstein, who later became counsel to the Citizens Union and condemnation expert for the city, was appointed by Mayor Mitchel upon his accession as reform mayor in 1914 and acted as his commissioner of accounts until the end of 1917. The present incumbent of the office, is the Honorable Paul Blanshard, former executive secretary of the City Affairs Committee.

During city administrations that were not eager to have results of the commissioner of accounts' investigations made known to the public, the office has gone into temporary eclipse. In such periods of municipal quiescence the cohorts of civic righteousness have had to turn to the state legislature for first aid, to make possible such legislative investigations as the one headed by Judge Seabury in 1932.

POWERS OF THE COMMISSIONER OF ACCOUNTS

The powers and duties of the commissioner of accounts are set forth in Sections 119, 195 and 1534 of the present charter of the city of New York. These sections make mandatory certain periodic audits and reports on the offices of the comptroller and the chamberlain and the state of the city treasury and also give the commissioner the following important powers:

> 1. To make such special examinations of the accounts and methods of the departments and offices within the city and five counties as the mayor may direct.
> 2. To make such other examinations as he, the commissioner, may deem for the best interests of the city and report to the mayor and the board of aldermen the results thereof.
> 3. The full power to compel the attendance of witnesses, to administer oaths and to examine such persons as may be deemed necessary in order to ascertain facts in connection with these examinations.

The courts have adopted a liberal attitude in construing the powers of the commissioner of accounts. In 1907 in Matter of Hertle [in re Ahearn (borough president of Manhattan, removed by Governor Hughes), 120 App. Div. 717, affd. 190 N. Y. 531], the court stated in its opinion:

> In a great city like New York, working under a charter as complex as its charter is, public policy requires that every available means of examining the administration of the various departments and offices of the city government be utilized to their fullest extent and statutes having this object in view should be liberally construed.

Likewise, in Matter of Hirschfield v. Craig, (239 N. Y., 98, 1924), a court which placed some limitations on the power of the commissioner of accounts declared that the words "accounts and methods" used in Section 119 of the charter should be given a broad construction so as to effectuate the legislative purpose.

As late as 1931, Judge Cardozo, then chief judge of the New York Court of Appeals, in Matter of Edge Ho Holding Corporation, (256 N. Y. 374, rev'g. 231 App. Div. 595), said pointedly:

> The powers devolved by the charter upon the commissioner of accounts are of great importance for the efficient administration of the huge machinery of government in the city of New York. They will be rendered to a large extent abortive if his subpoenas are to be quashed in advance of any hearing at the instance of unwilling witnesses upon forecasts of the testimony and nicely balanced arguments as to its probable importance. Very often the bearing of information is not susceptible of intelligent estimate until it is placed in its setting, a tile in a mosaic. Investigation will be paralyzed if arguments as to materiality or relevance, however appropriate at the hearing, are to be transferred upon a doubtful showing to the stage of a preliminary contest as to the obligation of the writ. Prophecy in such circumstances will step into the place that description and analysis may occupy more safely. Only where the futility of the process to uncover anything legitimate is inevitable or obvious must there be a halt upon the threshold.

SUMMARY OF POWERS

The adjudicated cases[1] have held in detail that the commissioner of accounts has the power to examine the accounts and methods of any city department, including offices and employees located outside of New York City, and of any county office of the five counties within New York City. The examination need not deal with both the methods and accounts of the office. It may be connected with either one of them. He is not limited to an examination of the actual methods of the various offices but may investigate what their methods should be. He has the power to examine a single document which at the moment may seem irrelevant, but which may later be connected with other evidence and thus may be shown to be relevant to the inquiry. His power of subpoena extends throughout the state so long as it is exercised in connection with an investigation of such department or office. He may examine private citizens who are not city employees and he may examine their books or records so long as they are relevant to a lawful inquiry. He is the judge of whether the investigation is for the best interests of the city. He may investigate elected officials as well as appointed ones and agencies only partly under city control, such as the board of education. His power of investigation is not impaired by the fact that the board of aldermen and a justice of the supreme court have a similar power, nor is it impaired by the fact that a similar investigation of the same subject matter is being carried on at the same time by another governmental agency. In 1934 the power of the commissioner of accounts to inquire into the bail systems in operation in the criminal courts within the city of New York was sustained.

---

[1] Cases summarized by George S. Elpern of the New York Bar.

THE OFFICE UNDER FUSION

Since January 1934, intense activity has permeated the Department of Investigation and Accounts. It has been substantially transformed from a department whose activities were 75 per cent in the accounting field to a department of investigations in which accounting has become incidental. A complaint bureau, the creation of which was one of Mayor LaGuardia's campaign pledges, was established in the office of the commissioner of accounts and has received almost 10,000 complaints directly from the public. Some of these have proved invaluable as tips and have led to major investigations.

PROVISIONS IN THE NEW CHARTER

Logically following the evolution that has taken place during the last three years, wherein routine accounting has been minimized and the function of investigation has been emphasized, the new charter approved by the voters of the city of New York November 3, 1936 provides that the Department of Investigation and Accounts become a simon-pure department of investigation. The commissioner of accounts will be called the commissioner of investigation. He continues to be appointed by the mayor, but in line with the recommendation in Judge Seabury's draft of a new city charter in 1933, when he proposed that the commissioner of inquiry be appointed by the council, the new department of investigation will represent not only the executive but also the legislative power of investigation.

The new charter provides: "That the commissioner shall make any investigation directed by the mayor or the council". This provision puts at the disposition of council the regular departmental staff of the commissioner of investigation and obviates the necessity for any special appropriation such as the one for $25,000 which was made in a recent investigation of the relief situation by the board of aldermen.

The full power to compel the attendance of witnesses is retained and in addition the powers of the commissioner are broadened in that he is "authorized and empowered to make any study or investigation which in his opinion may be in the best interests of the city, including but not limited to investigations of the affairs, functions, accounts, methods, personnel or efficiency of any agency."

The charter commission was evidently impressed with the success of Mayor LaGuardia's complaint bureau, for the idea has been incorporated into the new charter. It states simply: "There shall be a complaint bureau in the department which shall receive complaints from the public."

The Saga of a Village Manager

How a village manager dealt with staggering debt created through an era of expansion and easy spending

PHILIP D. TAYLOR *Wall Street Journal*

LONG before the colonies in North America considered wresting political control from the English, there was a small Indian trading post, snuggled closely to a convenient harbor off Long Island Sound and named prophetically enough by the Mohican Indians, "the meeting of the sweet and bitter waters." There where the Mamaroneck River flows into the Sound, an English settler by the name of John Richbell purchased "three necks" of land for a plantation in 1697. For this territory Richbell paid a basket full of trinkets, worth at the most not more than a few dollars. Today the village of Mamaroneck makes up a $38,000,000 portion of the richest county in America, Westchester County, New York.

Mamaroneck was directly under the jurisdiction of the manor of Scarsdale until after 1788 when it became a part of Westchester County. Today, as an incorporated village, it is a political jig-saw puzzle of interlocking governments. The original community was in the town of Mamaroneck, bordered on the north by the town of Rye and on the south by the city of New Rochelle. Late in the nineteenth century when the village was formed by one group of citizens from Rye Neck on the north side of the river and another in Mamaroneck to the south, real complication in governmental control and a growing tax burden became the vogue. Thus, in Mamaroneck alone, the town of Rye, the town of Mamaroneck and the village itself, aside from the county of Westchester, all had their fingers in the government pie, and each demanded its portion of financial support. This hodge-podge of control and taxation is partially responsible for the present economic strain on the village exchequer.

The village was incorporated in 1895 by a majority of nine after several other attempts had failed. This was the beginning of an extended fight between a weak majority who favored the village plan and a strong minority who opposed it. The objecting citizens, mostly from the north side of the stream, stubbornly insisted on dissolving the village, and not until they were quieted some eleven months later, were any expenditures for improvements possible.

When the first village board of four members met in 1896, it divided itself into committees on roads, bridges, street lighting, fire, water, police, ordinances, and printing and advertising. These committees remained until the establishment of the council-manager plan in 1930.

The early financial structure of the village was modest enough with an official property evaluation of $4,425,875 and the tax levy $6,000 at a rate of

$2.85 per thousand. By 1897 appropriations had risen to $12,621, and the first village bond issue of $25,000, sold at 4 per cent with a premium, was bid on by fifteen bond houses. This money went for road repair and fire equipment. Mamaroneck lived well within its budget in 1897, provided its population with four $600-a-year policemen, and paid the village clerk $300 for the first time. But problems began rising so incessantly that the four-man board expanded to seven, expenses started swelling, the official family of public servants took a village attorney into its ranks at $400 a year, and a program of permanent improvements got under way.

During the next six years the tax levy jumped from $26,400 to $40,000, the rate from $5.228 to $6.931 per thousand. Assessed valuation at the same time was raised from five to five and a half million dollars. Major expenditures during the period were, in 1904, a $200,000 bond issue for sewer construction and $50,000 for building a playground and park on Harbor Island. Advances were also made in sidewalk construction and fire and police protection.

TAX BURDEN DOUBLED

From 1905 to 1912 the village tax burden more than doubled. It took a levy of $14.84 on a property valuation of $7,320,205 to meet the budget demands of $110,000. Civic improvements continued at a grand pace with $70,000 spent for grading and repairing the Boston Post Road and $12,500 for a new fire house, until a population of 4,870 was forced to support a debt service of nearly $500,000.

Nineteen hundred eleven was a red letter year for Mamaroneck—literally. It saw the inauguration of John F. Hunter as fifth mayor of the city, a man who put more red ink on the village books than had any other village president. It was all for the benefit of the community, this expenditure. Dr. Hunter was a large man, physically and mentally, and enjoyed arithmetic involving several digits.

LAX WITH TAX COLLECTION

An authentic physician of the family type, Dr. Hunter ran his village like a family doctor's office. He was not strict about collecting his fees as a physician and he was just as lax with taxes—in fact, he rarely paid his own. In the first year he bore the official title, village taxes rose from $10.80 per thousand to $14.84 and the budget from $78,457 to $110,000. Through the succeeding years, until Dr. Hunter laid down the official gavel after the election in 1925, the tax rate, the budget, and the total assessed valuation grew like Jack's proverbial bean stalk. From a tax rate of $14.84 in 1912, citizens of Mamaroneck found themselves paying $22.23 per thousand in 1924 to raise a budget of $312,890. Thus the budget had tripled itself and the total assessed property estimate bulged from seven to fourteen million dollars.

In 1918 when Lewis Harding took over the mayor's duties for a single term, the village fathers began to realize that some restriction must be placed on the village's debt burden. An ordinance was passed limiting Mamaroneck's bonded indebtedness to 10 per cent of the total property valuation. About the same time New York State clamped down on its municipalities, restricting their tax rate to $20.00 per thousand. Mamaroneck's bonded debt was still about $500,000 but the low valuation kept the tax rate high. Therefore, when Dr. Hunter again returned to the helm of state, the village council began jacking up the assessed valuation to allow for a higher budget. In 1920 the tax rate went down to $16.96 per thousand but the property value rose $2,000,000. In 1921, spurred by the success of this new revenue raising plan, the village launched further improvement projects. A new sewer plant costing $375,000, a new fire house at $30,000, and an $11,000 dock improvement on Harbor Island were approved at the polls.

During the five years ending in 1927, the assessed total valuation and the annual estimate of expenses had more than doubled, from $12,000,000 to $25,000,000 and from $250,000 to $510,000. But still the march continued. Salaries were advanced all down the line, $18,000 was spent for a hook and ladder wagon, and the council voted to pay $910,000 as its share in the new Westchester County joint waterworks project. In the meantime someone stole the city street sweeper and concrete mixer, traces of which have never been found. The village purchased that year a $5,600 snow loader which lay idle in the garage for six winters before it was used.

In 1928 a total of $271,000 was appropriated for street paving. Demands for a park near the railroad station were met with a $165,000 allotment. Then, in 1929, all the various city improvement costs came home to roost. Fathers of the village found they had to make a 25 per cent elevation in the assessed valuation, which brought the total to over $35,500,000 and still the tax rate hovered near the maximum.

FINANCES NEAR ZERO HOUR

It is no wonder, therefore, that the citizens of Mamaroneck began to consider a change in government. Village finances were rapidly reaching the zero hour, where the annual budget, under the state and municipal restrictions, could no longer support the enormous debt service and meet running expenses. The 1929 election, therefore, was an expression of this desired change. It swept in a new mayor, a former tax collector and assessor, but it also approved a further road improvement program costing $367,000.

The sewage disposal plant provided by the village fathers in 1920 was declared inadequate in November 1929, and therewith the $375,000 investment was nullified. At the same time, in accordance with the Westchester County $6,000,000 sanitary disintegrating plan, the village council floated a fifty year bond issue for $1,729,000 to cover its portion of the expense. This new expenditure jumped the total bonds outstanding to over $4,000,000. (The yearly interest and retirement on these cost the village more than $385,000 in 1931 and during 1935-36 cost $487,968.)

MANAGER PLAN ADOPTED

Then one fine morning in November 1930, the local politicians awoke to find that by a close majority of 25 citizens' votes, the village had adopted the manager plan of government. This provided a mayor and a board of directors numbering four elected by the people; the board in turn, appointed a village manager. The board of directors was to pass all legislative measures for the village. The manager was given power to appoint all employees of the community except the clerk, treasurer, and attorney, who were to receive their appointment through the board itself.

With this stroke the political atmosphere in Mamaroneck was considerably cleared. Credit for the victory was accorded largely to an active women's club and a fighting village manager league. The first man chosen, Arthur Richards, was placed in charge in October 1931. Mr. Richards, receiving a salary of $12,000, unfortunately did not have the experience stipulated in the village law, and soon found the job too much for him. As his successor, Mr.

R. J. Whitney, formerly city manager of Royal Oak, Michigan, was employed to guide the village over financial rocks which almost sent the community into bankruptcy. Mr. Whitney took charge in March 1932, at a salary of $8,000.

Village Manager Whitney thus took over the control of Mamaroneck after zealous and public spirited citizens had spent almost a quarter century building a staggering bonded indebtedness in an era of expansion and easy spending. Nothing had been considered too good for Mamaroneck until finally the operating budget in 1931 stood at $525,224 and the debt service at $385,420. In addition, property value had risen another two million dollars to $38,451,031.

The first obvious responsibility of the new manager was to check the unbridled use of public money for improvement, reduce the operating expenses to a place where each dollar spent for labor or materials received a full dollar's value in return, and organize the village service units into a group independent of political patronage.

CURB PUT ON BOND ISSUES

An immediate curb on the issuance of bonds for the improvement of the village was instituted. Mr. Whitney formed an engineering department to insure an efficient maintenance of sewers, drains, street lights, and other village services. Highways and streets within the village limits came under the same supervision. In the five years 1930-1935 less than $100,000 in bonds were issued to improve the village. At the same time village services were maintained at a higher level because of economies in operation.

The number on the village payroll was gradually pared to a point where each man was earning his full salary. In the 1931 budget the village was paying $117,118 for police protection, owing largely to an oversized force. By 1933 this had been reduced to $83,032 and in the 1935 estimate, Mamaroneck's police department was operating on a $74,405 budget item. In 1931 the voluntary fire service cost $30,183; by 1934-5 it had been lowered to $17,630 through rigid supervision of automobile and supply expenses. A labor reduction in the village garage lowered that item from $13,950 to $6,683.

A practice indicative of the laxity under the political control previous to 1931 was the custom of some persons to call the police department when they needed a doctor. Being only too obliging, the police promptly called the physician and paid the bill at the end of the year. These medical bills for citizens of the community who knew the trick cost the village from $3,000 to $5,000 each year.

A system of consolidation in certain of the village service units led to savings in the budget. For instance the two items, welfare and public health, each having its own budget in 1931 were united soon after Mr. Whitney came to Mamaroneck. The consequent saving amounted to $6,000 annually by 1935. Nor was the service slighted. A similar saving was made in the consolidation of the clerk and treasurer into one office, a saving of $4,400 annually.

COMPETITIVE BUYING INAUGURATED

When Mr. Whitney took control, he established gradually a system of competitive buying. It has been found possible to purchase trucks at 30 per cent discount, automobiles at 10 per cent reduction and other supplies from 5 to 60 per cent less than the prices formerly paid.

With all these indications of reduced expenditure the natural tendency is to wonder how village services have fared.

Doctor Hunter, the political prince

of Mamaroneck from 1914-1925, stands out as representing the spirit of the old regime. Along in February, with a March election staring him in the face, Dr. Hunter would dismiss the 125 street employees of the city with the old story, "no more money in the budget." Streets would remain neglected until the day before election. Then the mayor would suddenly uncover some unforseen money and rehire the 125 street workers. Results were amazing at the polls.

All of this is past under the manager set-up. In fact, the city payroll, totaling on the average not more than one hundred, is usually smaller around election time. Each man works for what he earns and each man's job is dependent on the work he turns out, not on his vote in the next election.

POLITICAL STREET LIGHTING

Politics had a queer way of lighting streets. Many householders, on threat of bolting the party at the next election, received a little private street lamp directly in front of their houses. City light rates scooted upward alarmingly until in November 1931, they reached $62,500 per year. Then came the village manager. By a system of scientific street lighting, whereby each corner and each thoroughfare receives *enough* light, and by bargaining with the power companies, the village manager was able to reduce light costs to $22,800 in the present budget.

Rubbish and garbage disposal? Prior to 1931 the citizens had to set their refuse barrels out on the curb stone if they expected service. Now the village will go as far back from the street as one hundred feet to make collections. More than three hundred old automobile bodies have been removed from lots in the village and buried. The garbage contract let in 1931 called for $25,000 and rather haphazard service. The holder of the contract was pretty high handed about what he would remove in the name of garbage. The 1932 budget cut his estimate to $13,000 and today it stands at $11,000. Garbage is now picked up at the back door.

PARK UPKEEP COST LOWERED

Park upkeep has not suffered by the financial "tidying." On the contrary, with responsibility larger than it was prior to 1930, the estimate for park maintenance has been lowered from $32,718 to $17,000. The public beach is three times as big as it was formerly, trees have been planted in the parks, and playgrounds have had proper supervision.

The late depression laid another orphan at the doorstep of the community, namely, the unemployed. For this purpose, the village of Mamaroneck set aside during 1933-34-35 something like $25,000 for projects to relieve the unfortunate. And this was included in a budget that was laboriously sliding downward.

The financial calendar of Mamaroneck runs on a two-date tax collection system. Taxes are forthcoming in July and December. Since the village begins spending money on March 1, there are three months which the village must tide over with borrowed money. In 1932 the use of this short-time lending service had stretched to considerably over $700,000 and the banks declared a halt in a nice way. This outstanding short-term debt exceeded the bonded indebtedness. Owing to surpluses in succeeding budgets, however, the village had no outstanding bank loans on the unmortgaged taxes to be collected in July 1936.

The steady decline in the gross budget and the operating expenses, and the increase in income and credit as shown in the following table indicates

(Continued on Page 662)

State Aid and Tax Limitation In California

The combination of increased state aid and tax limitation has disappointed by failing to provide tax relief and better distribution of the tax burden

WINSTON W. CROUCH

University of California at Los Angeles

CALIFORNIA like many another state has had to face the problem of adjusting its local finance structure to meet the demand for relief of real property. During the past three and a half years this state has carried out a program that combines local tax limitation with increased state subventions. The experience illustrates the difficulty of fixing such governmental relationships in terms of constitutional enactments.

From 1910 to 1935 the state government was supported by taxes upon gross receipts of public utilities and similar taxes whereas the local governments were supported by an *ad valorem* tax on property. In 1921 a constitutional amendment placed a fixed charge upon the counties to match state aid funds for elementary schools or provide $30 per unit of average daily attendance and to double state aid for high schools or to provide $60 per a.d.a. unit. In 1931-32 sixteen counties failed to raise the amount required by the constitution for elementary schools and twenty-three counties failed to raise the required amount for high schools. In most instances this situation was the result of an unexpectedly high percentage of delinquencies in tax collection. In a few instances the board of supervisors had refused to set a rate high enough to produce the required sums.

Agricultural, real estate and school groups combined in 1932 to propose a plan whereby the state would assume the counties' share of school costs and allocate all state aid for education according to an equalization formula. This plan was rejected by popular vote on an initiative measure, but a compromise plan was worked out in 1933, was proposed to the people as a constitutional amendment and was approved by a popular majority. Under the so-called Riley-Stewart plan the state increased its subvention for education to include the amounts formerly supplied by the counties. The additional amount was raised by a sales tax. Utility property was to be returned to local tax rolls.

State and local government expenditures have been mounting steadily in the past thirty years and the proponents of the new plan sought to prevent any new upward surge of expenditures after relieving the counties of one of the largest fixed items in their budgets. A provision was placed in the constitution prohibiting the state, counties, cities and districts from increasing annual expenditures more than 5 per cent over those of the previous year unless special action were taken. Interest and redemption charges on bonded indebtedness were exempt, however, from inclusion in the base on which the increase was to be judged. Counties and districts might exceed the 5 per cent increase upon approval of a two-thirds vote of the electorate, the municipalities by a majority vote. All local governments might appeal to the board of equalization for permission to exceed the limit without putting the matter to a vote of the electorate. The limitation set by the constitution applied until June 30, 1935, but the legislature had power to continue the provision. The present law is effective until June 1937.

The law became operative in time to control the local budgets and tax rates for the fiscal year 1933-34. One county and 794 school districts applied for exemption the first year. Of these, seventy-seven were granted. In most instances where permission was given it appeared that the county or district could obtain federal assistance for construction. It is now apparent that had federal grants and loans not been available the tax limitation law would have produced even more stringent results than it did. Immediately after the earthquake in southern California in 1933 the legislature passed a school building law so severe in its penalties that school boards ordered the children from the buildings and laid plans for an extensive rebuilding program. Voters were in no mood to pass bond issues and the board of equalization refused to allow increased expenditures. Some districts carried out part of the building program by reducing salaries. The building program was generally delayed until relief labor and federal funds were available.

ADDED PROBLEMS FOR SCHOOL DISTRICTS

Many school districts were beginning to find that the new plan is adding to their problems rather than settling them. In most instances where the matter has been studied it is observed that the return of utility property to local tax rolls makes wealthy districts wealthier and does not help the poorer ones. An equalization fund is still a necessity. In those instances where the taxable wealth has increased the districts are not able to obtain permission to revise their budgets to meet increased school costs in a period of rising prices. This is felt more keenly because the tax limitation law was put into operation in 1933, when school district budgets had been forced to the lowest level in years by retrenchment programs.

CONFUSION AMONG COUNTIES

Among the counties the picture is confused for different reasons. The expenditure limitation law was incomplete in its definition of "expenditures." Payment of interest on bonded indebtedness and expenditures of publicly-owned public utilities were exempt as "expenditures" but nothing was said of the funds received from state subventions. Neither was there any indication as to whether the counties would be allowed to figure equal to their 1932 expenditures or whether the former expenditures for schools must be excluded. The courts were soon called upon to clarify the act in this respect. In *Crow v. Board of Supervisors of Stanislaus County*, (135 *Cal. App.* 451, 463; 27 *Pac.* (*2nd*) 655) the appellate court interpreted the intent of the act to be the lessening of the burden of taxation upon the local units and to transfer the responsibility to the state. Hence gasoline tax money could not be included in the base for determining county taxes. However, an amount equal to that raised by county taxation for schools in 1932-33 might be included in the 1933-34 budget although school support had been transferred to the state. This left the counties free to spend a rather large sum for other purposes and little or no tax reduction was effected. In *Holmes Investment Co. v. Board of Supervisors of San Francisco*, (1 *Cal.* (*2nd*) 482), the state supreme court excluded expenditure of funds borrowed from the state for unemployment relief from the base for determining the permissable increase. The limitation was to apply to expenditures from local taxation, not to subventions or borrowed funds.

The 1935 legislature made the maximum figure of $35 per month state and county relief for the aged mandatory upon the counties. Many counties had been giving an average of approximately $20 per month. This forced increase threatened to throw several larger county budgets out of line, but federal old age security funds became available in time to offset this.

STATE AID FOR COUNTIES

The state has been making subventions to counties for several years. These included fixed shares of the state-collected gasoline tax, motor vehicle license tax, bus and truck tax, subventions for elementary, high school and junior college education. Sums had been granted for relief of indigent aged, orphans and blind, subject to certain conditions regarding administration and matching of state funds by the counties. Conditioned grants were made also to the counties for tubercular patients. In 1932 the counties received $46,118,044.24 in subventions, as compared to a total of $195,393,604.30 receipts for county purposes. In 1935 subventions to the counties totaled $92,025,307.43 and receipts for county purposes amounted to $243,628,006.69.[1]

The state has been prevented, however, from granting subventions to the cities. A provision in the state constitution prohibits the legislature from making loans or making any gift of state money to any municipal or other corporation. The 1933 legislature, however, acceded to demands of the municipalities by directing the state highway division to spend a sum equal to one-fourth cent per gallon of the gasoline tax upon city streets connecting with state highways. This fund was to be apportioned in ratio of the population of a city to the combined city population. In 1935 an additional sum equal to one-fourth cent per gallon was set aside for construction of main streets other than state highways. If the division of highways felt that the city was equipped to do the work it might delegate the construction and expenditure to the local authorities subject to general state approval. This is a devious method and not entirely satisfactory to many cities.

The state and local governments came squarely against another constitutional prohibition when the state sought to take over administration of a tax previously administered by the counties and the cities and to return percentage grants to the local units. As a guarantee of home rule the constitution prohibited the legislature from levying taxes upon inhabitants of cities or counties for local purposes. The 1935 legislature abolished the county and city personal property taxes upon automobiles and substituted an "in lieu" state tax to be collected at the same time that the annual license plate fee is collected. After administrative expenses were deducted the state was to apportion 25 per cent of the fund among the cities in ratio of population and 12.5 per cent among the counties. Such money was to be spent by the local authorities for policing and regulating traffic. The state controller promptly contested this as the levying of a state tax for local purposes. The supreme court ruled, however, in two companion cases that such grants to counties and cities were constitutional because policing and regulating traffic was a state affair and not a local one.[2] The cities are faced with the problem of seeking state grants directed to state functions or of seeking repeal of these constitutional provisions. A constitutional provision aimed to promote home rule is now, under new conditions, actually forcing centralized control!

---

[1] "Annual Report of Financial Transactions of Municipalities and Counties of California." State Controller. 1932, 1935.

The cities have already begun to obtain constitutional enactment to direct the state to share new taxes. When liquor regulation and licensing was made a state function by constitutional provision in 1934, the legislature was directed to apportion a share of the fees collected to cities and to counties. The local units now receive 50 per cent of the amount collected in each local unit. Inasmuch as this subvention is not conditional the money may be placed in the city's general fund and budgeted according to local direction. This source has not yielded a vast amount of revenue for the smaller cities but it provides a reasonable income. Matters other than financial, however, are leading the cities to move for some reorganization of liquor law enforcement.

PROGRAM LACKS INTERGRATION

The conclusion that appears is that the program of increased state aid combined with limitation upon expenditures of local money has not been properly integrated. The counties were relieved of a very large mandatory budget item when the state assumed the counties' share of school support. Instead of providing tax relief this merely allowed the counties to devote a like sum to other items. On the other hand the school districts were forced to base expenditures at a year in which their expenditures were lowest. The attempt to return utility property to local tax rolls accentuates inequalities between districts and does not remove the need for equalization of ability to support. In the case of the cities the return of utility property to local taxation is being fought in the courts and the tax receipts from that source are impounded. The cities are faced with the further problem of constitutional amendment. Although they have succeeded finally in winning state aid they are limited in their enjoyment of it by provisions previously designed to protect both the cities and the state treasury.

SAGA OF A VILLAGE MANAGER

(Continued from Page 658)

the healthy influence of planned economy under the village manager government.

Year	Gross Budget	Income Credit	Operating Budget
1931	$910,645	$174,340	$525,224
1932	912,557	146,451	450,190
1933	831,318	140,246	331,589
1934	870,401	190,641	337,527
1935-36	848,307	222,106	370,339

The sage who declared economy and politics are strange bedfellows must have had one eye on Mamaroneck during the regime of Dr. John F. Hunter, the village Napoleon, and those who succeeded him. The two were definitely separated when Manager R. J. Whitney entered the scene, and the results speak for themselves. They indicate what sound business principles can do to a befuddled financial condition in the affairs of a municipality.

---

[2] *City of Los Angeles v. Riley*, 92 *Cal. Dec.* 47. *County of Los Angeles v. Riley*, 92 *Cal. Dec.* 50.

Town Planning and Taxation: Friends or Foes?

Town-planners and land-taxers should unite to discover how to make the best use, in the public interest, of mankind's common heritage

HAROLD S. BUTTENHEIM

Editor, The American City

TOWN-PLANNERS and land-taxers, though heartened by an occasional victory here and there, have as yet all too often been leaders of lost causes. No candid observer of the slums and blighted areas which disgrace most cities of the world, and of the bitter poverty which persists with potential plenty, can yet shout the shout of triumph. There is a long fight and a hard fight still ahead. But I am optimistic enough to believe that victory can be achieved—and that the road thereto will be a highway built by a coalition of the forces of town planning and land-value taxation.

Were I addressing a planning conference in my rôle of a land-taxer,[1] most of my talk would be devoted to showing the town-planners why their efforts are so often set at naught by prevailing systems of taxation and land tenure. Their attention would be called to the repeated handicapping or halting of their slum reclamation and large-scale housing projects because of high land prices and the legal obstacles to assembling sites of adequate size. The present impossibility of meeting, without government aid, the housing needs of families of low income would be shown to be due not only to high costs of land and buildings but to the poverty and unemployment which a scientific system of taxation would do much to correct. Ownership or tenancy of decent homes by the masses of the people would be shown to be handicapped or prevented by the almost universal method of collecting larger public revenues from improvement values than from the land-values or ground-rents which public expenditures create or maintain. It would be my aim to demonstrate that the planning and building of orderly and beautiful and prosperous communities would get greater impetus from the abolition of land speculation and land exploitation than from any other reform that could be advocated.

That taxation may vitally affect urban development and welfare is no new discovery. At the second national conference on city planning in 1910, Benjamin C. Marsh, then executive secretary of the Committee on Congestion of Population, New York City, who had been the leader in convening the first national conference the preceding year, called attention to "the present unjust system of municipal taxation by which land and accumulated wealth escape a fair measure of taxation and people with small incomes are compelled to pay often out of an actual deficit a heavy proportion of their earnings in taxation for municipal purposes."

---

[1] This self-designation as a "land-taxer" should not cause me to be classified as a "single-taxer." My economic philosophy includes properly graded income and inheritance taxes in addition to land-value taxes as socially useful methods of raising public revenues. On this subject reprints are available of my article, "If Henry George Were Writing Today," from the February, 1935, issue of *The Journal of Land and Public Utility Economics*, and of my debate with Walter Fairchild, "Single Tax *v.* Triple Tax," published by the National Municipal League (New York, August, 1935).

Frederic C. Howe, speaking also at the 1910 conference, said: "Without any reservation, I have come to the conclusion that the orderly and symmetrical building of cities and the housing of urban population can be corrected through the taxation of land values more easily and more fundamentally than in any other way. By the taxation of land values I mean the abandonment of all taxes now levied against houses, buildings, improvements of all kinds, machinery, goods, stock in trade, and personal property of every kind and description, and the shifting of all local taxes onto the value of the land. I do not mean that we shall tax land, but rather the rental value of land. In other words, that all of the revenues of the city shall be taken from the ground- or land-rent, as is commonly done by private individuals under the ground-rent system in the business centres of our large cities."

And at the 1911 planning conference, held in Philadelphia, Lawson Purdy, then President of the Department of Taxes and Assessments of the City of New York, said in the concluding paragraphs of a challenging talk:

"City planning is the art of so arranging streets and public places that privately owned land may be put to its best use. When land is put to its best use, the maximum value is one of the results. Land is the kind of property that is increased in value by improvements in the city plan. Land, therefore, ought to pay the bill and can well afford to pay it. The object of this paper is to show how to reduce the cost and how to make land pay for its own betterment. By taxation the price of land can be reduced, the opening of unnecessary streets avoided and the cost of government reduced. By assessment of property benefited, the cost of public improvements can be imposed on those who reap the financial reward that follows the improvement. By condemning more land than is necessary for the widening of an old street, or the opening of a new street or park in a settled neighborhood, the expense may be reduced and plots subdivided in proper shape for immediate and suitable developments to the great advantage of all. The methods of making awards for land taken for public use may be so devised as to ensure just awards in a short time. While this subject may be regarded as the financing of city planning, it is much more: it involves the best use by all the people of their common heritage."

BRIDGE INCREASES LAND VALUES

On July 11, 1936 the city of New York held an important civic celebration. The speakers included President Roosevelt, Mayor La Guardia and other officials. The occasion was the opening of the Triborough Bridge, an immense highway structure connecting the boroughs of Manhattan, the Bronx, and Queens. That morning the *New York Herald Tribune* published a tabulation of the cost of this notable public improvement. The total was $60,300,000. Of this total the cost of land absorbed $23,700,000, including $8,400,000 for the land for the main structure, and $15,300,000 for the land for the highway approaches.

Eight days later that same conservative newspaper published in its real estate section, under the heading, "Three-Way Bridge Viewed Maker of Fortunes," a statement quoting one of New York's leading realty developers, Edward A. MacDougall, as predicting that "as a result of the benefits which will come from the operation of the Triborough Bridge, property values on Long Island, and particularly in Queens, would advance a greater percentage in the next ten years than in the last twenty-five years. . . . He compared the bridge and its hook-up with the arterial systems of the city to the Fenway in Boston, the Lake Shore Drive in Chicago, the Bois de Boulogne in Paris and Unter den Linden in Berlin."

Even though we may discount somewhat the optimism of Mr. MacDougall and other real estate prophets, it cannot be doubted that private fortunes will result from the substantial expenditure of public funds incurred for the Triborough Bridge. At the very least, the sixty-million-dollar expenditure will soon be reflected in increased land values to that amount or greater, over and above any additional taxes which the benefited land will pay. Meanwhile every user of the bridge will pay at the tollgates his contribution towards the unearned increment which the landowners will collect.

The experience of almost every city in the world, when private land is needed for public purposes, differs in degree but not in kind. Not only are high prices paid for land for community projects, but the expenditure of public funds on these projects adds to the unearned increment of other landowners.

DESIRE FOR FREEDOM

The case for town planning and zoning is one to which most land-taxers have devoted little time and intelligence. The principal reason, no doubt, is their aversion to any extension of governmental control over private affairs. In their hearts and minds the desire for freedom marches shoulder to shoulder with their faith in the philosophy of Henry George. This fact is proclaimed in the very names of their leading periodicals—*Land and Liberty* in England, *Land and Freedom* in America, *Grundskyld* (The Land Due) and *Det frie Blad* (The Free Sheet) in Denmark, *Recht en Vrijheid* (Justice and Freedom) in Holland, and *Terre et Liberté* (Land and Liberty) in France.

SELF-RESTRAINT NEEDED

In their devotion to freedom, however, they appear to forget too often that liberty is not inevitably accompanied by intelligence and self-restraint. When they urge that to every man there be accorded his just share of access to the earth's surface and of the economic rent thereof, they too often seem to infer that, with no restraining control, he would then build and govern his cities with wisdom and justice. But human nature is not so speedily perfectible. Mere freedom and good intentions can no more build a perfect city than they can build a bridge that is safe or an automobile that will run. Until liberty can be shown to include intelligence and to preclude license, we must not only plan for the wise exercise of our liberty, but must place such restraints on ourselves and our neighbors as will conserve the equal rights of others.

So my philosophy of political science has a double foundation:—

1. It recognizes the Spencerian maxim that it is the duty of government to provide that, as nearly as possible, every individual shall have opportunity to do as he will, up to the point of infringing the equal opportunity of another.

2. But it would add, as a correlative function, also of major importance: to promote the general welfare by such services and controls in the public interest as can better be exercised by government than by indi-

vidual effort or unofficial coöperation.

A specific problem or two may give practical point to the theoretical principles just stated. Some town-planners view with alarm the sporadic land-overcrowding which might result if land-value taxation were to stimulate any such degree of land development as land-taxers predict. The answer generally made to this objection is that land prices would drop so greatly that developers could readily acquire more spacious sites; that hence it would no longer be necessary or profitable to erect buildings of excessive height or lot-coverage, but, that, on the contrary, development would spread more uniformly throughout the city. Town-planners concede that the *trend* might be in that direction, but we know enough of human nature to realize that real-estate developers, like other human beings, do not always act with foresight and intelligence. As Charles A. Beard once put it, to assume that man is an automaton capable of pursuing his interests with unerring accuracy, is to ascribe to him more intelligence than the study of his history warrants.

The typical developer, unless restrained by an intelligent zoning ordinance or building code, or by greater regard for the general welfare than most human beings can evince, would be apt, even with low land costs (but high land taxes and tax-free buildings), to figure out what seemed to him to be the most profitable use of his particular plot of land—even if this meant the stealing of light and air from his neighbors or a type of building which would depreciate adjacent property values.

The concern of town-planners is not only to discourage land-overcrowding and anti-social uses of individual plots, but also to encourage the community planning which is essential to rational urban development and which no amount of taxation reform *per se* will produce. The home neighborhood in the city of the future will be not only a collection of pleasant and sanitary houses on spacious sites; its site planning will be properly related to that of the city as a whole; it will have ample recreational areas for the use of the public; and its street pattern will be planned for the motor age and insulated against the noise and danger and congestion of through traffic. To use the taxing power to stimulate town development while neglecting the planning power as a guide for that development would be to couple individual initiative with collective irresponsibility.

PROTECTIVE MEASURES

To win effective public support there must be more emphasis on planning and zoning as protective and preventive measures, and not merely as restrictive and correctional measures. For every landowner who wants the right to injure his neighbor's property by putting a billboard or a gasoline station or an apartment house or a motion picture theatre *where they do not belong,* there are hundreds who want to be protected from such anti-social land-uses.

For the reasons cited, town-planners feel certain that land-taxers would advance their cause much more rapidly if they would link their advocacy of taxation reform to advocacy of planning and zoning reform. Let local governments, rather than landowners, determine the maximum degree of land occupancy and the types of land uses which are socially desirable in any given community or neighborhood. Let them be urged to enact and enforce the type of planning and zoning control under which it would be desirable rather than harmful for the area to be developed to the full density and use legally permitted. Then stimulus to new construction could operate with maximum public benefit.

NEED FOR ADDED PARK AREAS

Such town planning and zoning would give special consideration to the need which exists in most of our cities for added areas for parks and playgrounds. Here again *laissez-faire* will not solve the problem. The town-planner is too optimistic when he pins his faith on the permanent preservation of private open spaces as an important factor in the solution of the problem of urban amenities. Land-taxers can help town-planners to acquire more open spaces by the reduction in land costs which would result from governmental capture of economic rent. To facilitate such acquisition, however, there is need for emphasis not only on the efficacy of land-value taxation in forcing land into use, but also on the concurrent effect which such taxation would have in forcing much of our urban land out of private use and into public use, to meet recreational and cultural needs and for large-scale, low-rent housing developments.

Howard S. Braucher, secretary of the National Recreation Association, once made the challenging statement that "the friends of public recreation cannot measure in millions or billions what land, open space, sunshine, parks and playgrounds mean to children." But, alas, these values are thus measured by the owners of title to the choice and beautiful lands which Mr. Braucher's organization and similar bodies elsewhere want their governments to secure and reserve forever for all the people. Here is a fundamental problem demanding the utmost of foresight and courage from leaders in the realms of play and planning and politics.

Let us imagine a city which had been so fortunate as to number among its pioneer settlers a philanthropist, far-sighted enough to purchase for a few thousand dollars the site of the present community, and generous enough to deed the land to the municipal government. If such a lucky town had had the good sense to lease rather than sell its land for private development, it would now be a tax-free municipality with ample revenues from ground rents to pay all normal expenditures of the local government. It would have the great advantage, too, of having been able to plan its land-uses with forethought and intelligence, and to provide ample park and recreation areas for the present and future needs of its people.

MAY RECAPTURE BIRTHRIGHTS

Unfortunately, it is no easier for a city than for an individual to be born again. But in the years to come it will be made possible for our cities, I hope, to recapture their lost birthrights to the land on which they are built, and to administer that birthright in the public interest.

Two of the outstanding maxims of Henry George, italicized by the author in "Progress and Poverty," are: *"We must make land common property"* and *"It is not necessary to confiscate land: it is only necessary to confiscate rent."* As the years go by I am becoming more and more inclined to place my ultimate faith on the first of these two maxims, and to advocate the second as an essential step towards the accomplishment of the first.

There are two reasons for this point of view which seem to me, in my dual rôle of land-taxer and town-planner, to outweigh the objections which might be cited. The first has to do with the inevitable opposition of taxpayers to high taxes, and the second with the equally inevitable opposition of land-owners to effective control of land uses.

1. If, as George advocates, we were to appropriate rent by taxation, the tax rate on a ground-rent income basis would be 100 per cent. Such a rate, or anything approaching it,

would be regarded by most landowners not as the justifiable recapture of community values which George shows it to be, but as an intolerable tax burden. But if the land were publicly owned, payment to the government of the economic rent for private use of the land would be accepted as just and proper.

2. Experience is daily demonstrating the difficulty of controlling in the public interest the use of privately owned land. If land were publicly owned, the making and carrying out of rational town and regional plans would be greatly facilitated, and antisocial uses of private property could be much more readily curbed.

For this most fundamental solution of the urban land problem a strong case is made by Dr. James Ford[2]:

"Extension of public ownership of land is necessary to avoid recurrence of the evils of exploitation of land against the public interest and to give the government a firm control of the housing situation. Land is a proper field for public ownership. Management of land is chiefly a legal rather than a business problem. It is a type of business that government could handle efficiently. Accounting is simple. Public interest is paramount. Governmental land ownership is better than the single tax as a device to protect the public interest, because it eliminates the pressure of selfish interests and ultimately does away with the incentive to speculation, jockeying, and corruption, which are against the public interest. But it accomplishes the same purpose of letting socially created increments to land values accrue to the public who create them and not to private speculators.

"Public ownership of land should not be confused with Socialism, for the latter technically connotes the socialization of all means of production and distribution, eliminates private ownership of capital and private operation of business and industry. Public ownership of land does neither."

While Dr. Ford's reasoning, in the paragraphs just quoted, seems to me to be quite sound, I have no quarrel to pick with those who believe that land-value taxation should stop short of general public acquisition of land now privately owned. The crusade in which I am urging my fellow town-planners and my fellow land-taxers to unite is the discovery of how to make the best use, in the public interest, of mankind's common heritage and of how to insure for mankind the fairest possible division of the values which the community rather than the individual creates.

CLEAR ANSWER INDICATED

In his *English Journey,* J. B. Priestley says, "I do not believe that people are entirely at the mercy of their environment. Exceptional persons not only refuse to be moulded by their environment, but actually set about changing environment themselves." Among such exceptional persons I would give high rank to the intelligent land-taxer and the intelligent town-planner. Intelligence can find no better exercise than through an interchange of ideas and unity of effort in the public interest. And with such cooperation there will be found for the question, "Town planning and taxation: friends or foes?" the clear and constructive answer: "Friends, of course—and fellow workers for a fairer world!"

Editor's Note.—The substance of this article was delivered as an address before the International Conference on Land Value Taxation, London, England, September 3, 1936.

---

[2] "Slums and Housing," published by the Harvard University Press, 1936.

RECENT NEWS REVIEWED

NOTES AND EVENTS

Edited by H. M. Olmsted

Federal Aid for Public Service Training.— President Roosevelt approved the George-Dean Act providing for the further development of vocational education including training in public service occupations, but, according to the Washington news letter of the American Municipal Association, it was understood that a careful investigation of the subject would be made before the increased appropriations authorized by the bill are recommended in the next budget. The President has appointed a committee, headed by Dr. Floyd Reeves of the University of Chicago to make such a study and report. It was further stated that the development of public service training or other vocational training, will be determined by each state for itself, as the federal funds are purely grants-in-aid.

*

Council-Manager Plan Developments.— Two defeats were suffered in the late summer for the manager plan. Harrisonburg, Virginia, voted against a proposal to adopt the plan, 946 to 610 and Bar Harbor, Maine, refused to adopt a town manager plan, by 205 to 111.

*

City Relief Problems.—As reported in the New York *Times* early in October, relief problems in several of the largest cities were complex and acute. The city of Chicago has a peculiarly difficult relief problem, inasmuch as the one-third share of proceeds from the Illinois sales tax, earmarked for emergency relief after the withdrawal of federal assistance last winter, proved insufficient. A special session of the legislature voted the cities the right to levy an additional tax for relief, but Chicago was unable to sell warrants since the constitutionality of the law was questioned. Early in October the city relief commission had 77,500 cases on its rolls representing about 200,000 persons. Nearly all relief money was going for food at the time. The WPA had about the same number of cases as the relief commission.

In Los Angeles, at the end of the summer the various federal and state agencies were caring for 77,247 relief cases in the county, a decline in number, but at an increased cost; 285,000 persons were receiving governmental aid. Last year all unemployment relief was extended by the Los Angeles County Relief Administration, financed by approximately one-third state money and two-thirds federal money. This agency last month was still handling 15,000 or more cases on a cash dole from state money only.

In Detroit at this time 16,752 direct relief cases existed and about an equal number were being cared for by WPA work relief. The problem is expected to increase substantially in the winter with the automobile industry seasonably slack.

In all three cities the permanency of a grave relief problem was emphasized.

*

To Increase Extent of Training Work.— Twenty-six city and village mayors and one city manager have been appointed as regional representatives of the Municipal Training Institute of New York State, for the purpose of more fully informing officials and citizens in various parts of the state as to the organization and facilities of the training schools for municipal officials operated by the New York State Conference of Mayors since 1926 and now under the direction of the institute.

During the past eight years more than 46,000 officials have attended the 295 schools operated by the conference and the institute—6,935 during the past year. New York State is said to lead the nation in the matter of in-service training of municipal officials; nevertheless the conference and the institute desire to have this work further known so that practically every municipal official may benefit.

*

Citizenship Course at Hobart College.—At the inauguration of Dr. William Alfred Addy as president of Hobart and William Smith Colleges at Geneva, New York, a four-year course in responsible citizenship as a requirement for the bachelor's degree was announced, in order to prepare graduates for "intelligent participation and active leadership in local affairs." In the senior year all students will concentrate on the operation of American government today. Harold W. Dodds, president of Princeton University and the National Municipal League, made the induction address.

*

Free Traffic Consultant Service in Texas.—Acting on the principle that the promotion of traffic safety in cities and towns as well as on the highways is a state-wide affair, a traffic consultant service designed to assist all municipalities in the solution of traffic problems has been inaugurated by the Texas Department of Public Safety. It is described in *Texas Municipalities,* magazine of the League of Texas Municipalities. The service, which is provided through the combined facilities of the Texas Highway Patrol and the State Driver's License Bureau, is closely allied with the Safety Lane Campaign undertaken by the patrol several months ago. Since April 1, more than 116,000 automobiles have been tested and 23,000 defectives found.

More and more cities are taking advantage of this service and of the counsel and technical advice given by the Department of Public Safety on such subjects as parking problems, zoning, "T-men's" organizations (a traffic secret service) and school safety work. The public safety department is serving as a clearing house for the entire state, passing on old and new remedies for traffic troubles and installing traffic regulations for small towns with a limited law enforcement agency. The traffic installations are made only at the request of proper local authorities and by action of the city officials.

*

Personnel Administration.—Ordinances recently passed in Toledo, Ohio, and Trenton, New Jersey, make for more stable employment and uniform conditions of work for city laborers, according to the *Civil Service Assembly News Letter.* In Toledo the classified civil service has been extended by ordinance to include all laborers. In the future, the civil service commission of that city will prepare eligibility lists from which all municipal laborers must be selected. No written tests will be given, but all applicants must demonstrate that they are physically fit and adapted to the work to be performed.

Trenton's new municipal ordinance provides for shorter hours and for uniform rates of pay for laborers. The city manager of the New Jersey municipality had previously found substantial variations in the hours of work required of these employees and in wages for similar work. Unusual provisions of the Trenton ordinance include a dismissal bonus for the worker if he is laid off through no fault of his own, one week's vacation with pay for every employee who works 2000 or more hours per year, a standard promotion plan, and fifteen days' sick leave with pay in each year. Approximately four hundred workers are affected.

*

WPA Making Extensive Compilation on Municipal Government.—The United States Conference of Mayors has announced the establishment of a WPA writers' project for the collection and tabulation of information on all phases and types of city government throughout the country, which it hopes will be exceptionally complete and comprehensive. Reported as already under way is a carefully documented survey of the governments in 188 cities having populations exceeding 50,000. The conference is supplying the project with questionnaires and is donating the full-time services of a national supervisor for the project. It is expected that a series of factual reports on timely municipal subjects will be prepared and distributed to cities and that the results of the entire survey and compilation will be assembled in Washington as a permanent library of municipal government.

Public Administration Course at Willamette University.—The department of economics and political science at Willamette University, Salem, Oregon, has announced a four-year curriculum in public administration, leading to the degree of bachelor of arts, to aid those who contemplate public service careers, or who expect to prepare for the bar, or who desire a cultural education with primary attention given to the increasing interrelationship between government and business. Salem, as the state capital, offers special advantages for the course.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

California—Manager Plan In Los Angeles County Halted.—Opposition of several suburban communities halted the movement for a county manager in Los Angeles County when the board of supervisors voted on September 14 not to place charter amendment proposals on the general election ballot. The cities of Los Angeles and Pasadena favored the proposal. The plan proposed to limit the board of supervisors to legislative duties. The manager was to exercise all administrative duties. He was to appoint heads of administrative departments, reorganize departments and transfer officers, subject to civil service requirements. The board of supervisors was to appoint the manager from a list of three names certified by the civil service commission. The commission, in turn, was to be made up of three members chosen by the supervisors from a panel of five chosen by a certification board consisting of the heads of seven local colleges and universities. A personnel director was to be appointed by the manager from a list proposed by the commission. The manager also was to appoint the county counsel, but subject to confirmation by three-fifths vote of the supervisors and could remove the counsel if four of the five supervisors agreed to the action. The supervisors were to appoint all boards and commissions and an examiner of accounts who was to be the auditor.

The board of supervisors also refused three other measures: (1) to direct the county budget and fiscal procedure, (2) to compel cities that contract with the county for performance of certain functions within the cities to pay the full cost, (3) to distribute the county share of the state gasoline tax among the cities. The city of Los Angeles would have been the gainer had the latter two been adopted. All four proposals were made by a joint committee of representatives of the governmental simplification committee appointed by the supervisors in 1933 and the Citizens' Committee on Governmental Reorganization appointed by the mayor of Los Angeles city in 1935. Soon after the supervisors rejected the recommendations the city of Los Angeles revived a proposal to separate from the county and establish a consolidated city-county. Two methods are yet available to secure a vote, however: (1) elect a board of freeholders and submit the plan to popular vote (2) amend the county charter directly by popular initiative.

Winston W. Crouch
University of California at Los Angeles

*

Wisconsin—The Power District Movement.— Rural electrification in Wisconsin, as elsewhere, is being pressed forward rapidly, not by means of power districts, but through the organization of coöperatives. It has been found generally that the coöperative is much more easily organized than is the power district. This development may have some interesting effects. For one thing it may retard the expansion of another type of special district and thus prevent an increase in the complexity of our local systems. On the other hand, the development of power districts, if properly carried through, might conceivably have a favorable effect on county reorganizations and consolidation. Any advantages which might accrue from such a development will be lost in case the electric coöperative takes the field.

In Wisconsin three power districts have been attempted. The first, comprising territory in Rusk and Burnett counties, was organized but is tied up in litigation. The second attempt was made in Lincoln County. Application was filed from this area for the creation of a power district called the Tomahawk Municipal Power District. After the state public service commission had made a favorable finding upon the feasibility of the district, an election was held April 7, 1936 in sixteen townships and in two cities, Merrill and Tomahawk. The proposal for the district was defeated in all townships and in both cities. The vote was close in some of the townships but the defeat in both cities was overwhelming. The total vote was 5092 against, and 2324 for, the proposal.

A third attempt to organize a power district has recently been inaugurated in Wisconsin. A tri-county power district, consisting of Goodman Township (Marinette County), Armstrong Creek Township (Forest County), and Pence Township (Florence County), was declared feasible by the public service commission on August 20, 1936. A referendum on the creation of the district was scheduled to follow. The proposed district is in the northern and less wealthy section of the state.

Lee S. Greene

Tennessee Valley Authority

*

Ohio—Cuyahoga County Seeking Another Charter Commission.—The work of the first county charter commission of Cuyahoga County went for naught when the Ohio supreme court voided its action. The county commissioners, however, adopted a resolution to submit the issue to the voters again at the general election this year. On the same ballot below the question will appear the names of all candidates who seek election to the commission. If a majority of the votes cast on the question are for the charter commission, then the fifteen candidates receiving the highest number of votes will constitute the commission. It will have ten months in which to hold public hearings, debate the numerous issues involved, and prepare the draft of a charter.

The major questions which the county charter commission will have to answer before completing the draft of the document will be: (1) How far should the charter go in taking over municipal functions? (2) Shall the county be established as a municipal corporation or merely a public corporation as now provided by law? (3) Shall the various municipalities be left intact or should some of them be eliminated? (4) What form of county government could be established—a strong mayor-council form or a council-manager form? (5) Should the members of the council be elected by wards or at-large?

In addition to these major issues there will be many of lesser importance, some of which may develop into major issues.

Adapted from *Greater Cleveland*

*

Montana—Referendum on County Consolidation.—The voters of Montana will decide at the general election in November whether they are in favor of or opposed to an amendment to the state constitution which will prohibit counties from being abandoned, abolished or consolidated in any way except by a majority vote of the duly qualified electors in each county affected.

The Montana constitution empowers the legislature to abolish any local government or consolidate or merge cities, townships, and counties under one municipal government and to fix and prescribe the number, terms, qualifications, salaries, duties, method of appointment, election, or removal of officers thereof. These powers were secured through an amendment to the state constitution passed in 1922, and it was this amendment which permitted the 1931 legislature to set up the county manager plan of government to become effective in any Montana county if approved by a majority of all those voting on the question.

Apparently the amendment to be voted on in the November election is to clarify somewhat the powers of the state regarding the abandonment or consolidation of counties, there being some feeling that the state has the power to consolidate or abandon counties as it desires. Approval of the proposed amendment would make it necessary to secure a majority vote of the duly qualified electors in any county affected by a proposed abandonment, abolishment or consolidation.

R. R. Renne

Montana State College

Mississippi—Seeks Industry.—Mississippi's extraordinary legislative session passed a measure designed to aid in promoting the industrial development of the state. This measure, Senate Bill Number One, confers unusual debt contracting authority upon municipalities, counties, and supervisors' districts.

The title is indicative of the scope of the measure. It reads: "An act recognizing Mississippi's necessity to protect its people by balancing agriculture with industry, declaring the state's public policy in that respect, creating the Mississippi Industrial Commission to carry out the provisions of this act, outlining its duties and powers, and making effectual that essential by authorizing the several counties, supervisors' districts, and municipalities of this state to acquire industrial enterprises, to issue bonds or other obligations therefor, to operate such industries, to dispose of them, and generally to make such contracts relative to such industries as are essential; authorizing port commissions to assist in such plan; and for other purposes."

The administrative agency created by the act is a three member industrial commission serving until April 1, 1940, the chairman devoting his full time to the work. The commissioners may appoint such employees as may be necessary. They are required to meet once a month in the office of the commission and at other places whenever called upon to function.

In general, "the commission is charged with the duty of making effective the declared public policy of this state to balance agriculture with industry . . . is empowered to determine whether the public convenience and necessity require that any municipalities shall have the right to acquire land . . . to erect industrial enterprises and to operate them and to dispose of all such lands and industrial enterprises."

The procedure is that the governing board of a municipality on receipt of a petition of at least 20 per cent of its qualified electors, requests a certificate of convenience of the commission. The commission in its hearings is required to ascertain whether the municipality has sufficient natural resources, sufficient labor, and adequate property values to embark on this undertaking without undue burden to its citizenry. If the commission is satisfied after this investigation, a certificate of public convenience and necessity is issued. After receiving this certificate of convenience the governing board fixes the date for an election (at least three weeks from the time of notice). At this election all qualified electors may vote and ratification of the industrial bill requires a two-thirds favorable vote, provided that the total number of votes is a majority of the total qualified electors of the territory. Approval gives the governing board authority to proceed with the plan.

After construction of property and the setting up of enterprises, governing boards are empowered to sell, lease, or otherwise dispose of said enterprises with approval of at least two-thirds of the governing body of the municipality; furthermore, factories and enterprises are exempt from all *ad valorem* taxation on tangible property for a period of five years from the commencement of work for the construction of the factories or enterprises. A section of the act enumerates industries contemplated within this exempt clause.

Mississippi has extensive raw materials produced upon her farms which can be processed within the state. She has forest resources, numerous minerals including fine sands and clay, deposits of bauxite (aluminum) and other minerals. By this act the state seeks to encourage the fabrication of finished products, utilizing the available cheap electricity and abundant labor supply.

David W. Knepper
Mississippi State College for Women

*

Washington—County Unit for Road Administration.— Washington is among the leaders in rural road development. The state has thirty-nine counties, averaging approximately 1,800 square miles each in area. Only two of these counties have township organizations and even in these, township road work has been virtually eliminated through the eradication of township tax powers. Even in these two counties the bulk of highway work and all the secondary highway work that is done with state-collected or gas-tax revenues is handled by the board of county commissioners.

Most of the counties of the state are operated as three road districts. The county commissioners, three in number, were originally road commissioners, with their powers gradually expanding until they are now the executive and legislative board for the county as a whole. They are still nominated, however, from districts and in theory these districts continue to exist as road administration units.

The county commissioners themselves, however, have the authority by majority vote to consolidate road districts into a single county unit, and in many counties that has been done. In the majority of the remaining counties, although district lines have not been formally broken down, the commissioners, through exchange of equipment, allocation of road moneys and general administrative procedure, are in reality operating their road districts as a single county unit.

In keeping with the county-unit movement, there has been some agitation in this state to make the consolidation of road districts into one county unit mandatory. That movement has been vigorously resisted.

The county is now working out a method for clearing federal matching; and with that solved, the state will have one of the best secondary highway administrative set-ups in the country.

LEW SELVIDGE in *Better Roads*
Olympia, Washington

*

County Jails Condemned.—Speaking before the sixtieth annual conference of the American Prison Association recently, Dr. Leonard D. White, a member of the United States Civil Service Commission, condemned the influence of politics in prison administration.

In the course of his remarks Dr. White said: "Patronage has put men on the walls of our prisons because they carried their precinct in the last election. Politics has made men wardens of jails because for many years they faithfully served their party organization and gradually acquired a right to recognition and reward."

A recent survey of county jails showed that almost 50 per cent of the county jails do not meet minimum standards of suitability. Sixteen hundred county jails were condemned as unsuitable for use by the federal government and 748 were accepted only in case of emergency.

In one case the sheriff in charge of a county jail was requested to tighten up on jail discipline. He declined to do so, saying that he had "to be reëlected and could not afford to offend anyone." In contrast Commissioner White described the methods used by the civil service commission in selecting guards for federal prisons and penitentiaries. Applicants are excluded for such reasons as want of judgment, lack of physical or mental vigor, inability to coöperate with others, intemperance, as well as evidence showing disrespect for law or unethical dealings. No political endorsement of any kind is received or accepted.

Dr. White recommended that the American Prison Association initiate a study of the merit system in order to formulate a program of action for the extension of the merit principle to all penal institutions including county jails.

Released by U. S. Civil Service Commission

*

New York—Regional Planning.—A relief map of the New York metropolitan area, which measures eighteen feet by twenty feet and which it has taken two years to make, has just been completed by the Works Progress Administration. It shows the nature of the terrain, existing and proposed zoning, and transit and traffic developments over an area of 5,528 square miles. The model is on a horizontal scale of 2,000 feet to the inch with a vertical scale exaggerated four times, or 500 feet to the inch.

There are twenty-two New York and New Jersey counties in the metropolitan district and the program of the Regional Planning Association calls for necessary basic studies, the preparation of a comprehensive master plan for each county, fitting of this plan to a sound financial program, and the preparation of a long-term program of public works.

George McAneny, president of the Regional Planning Association, said the model emphasized the progress which has been made in planning and replanning the New York district. "There is not a county in the region," he said, "that has not officially undertaken some form of planning activity either on the legally authorized basis of a county planning board or through a work relief project under WPA." It is estimated that more than 20 per cent of the program of development outlined eight years ago has already been accomplished.

Abstracted from *New York Times*

TAXATION AND FINANCE

Edited by Wade S. Smith

Municipal Bankruptcy Act Rehearing Denied.—On October 12 the United States Supreme Court denied a petition for a rehearing on the Cameron County (Texas) Irrigation District case in which the court last May held that the so-called federal municipal bankruptcy act was unconstitutional.

The attorneys-general of ten states—Arkansas, California, Colorado, Florida, Mississippi, Missouri, New Mexico, Oregon, Texas, and Washington—joined in the petition as *amicae curiae*. Briefs opposing the petition were filed on September 27 by counsel for a group of California irrigation district bondholders.

Though numerous default situations calling for special measures to deal with the minority hold-out bondholder at which the act was aimed have been cleared since the law was adopted in 1933, abrogation of the statute leaves many cities and special districts once more at the mercy of that small group of creditors who demand preferred consideration after a majority of the others have found an adjustment plan acceptable. Representative Wilcox, of Florida, one of the original sponsors of the bill, has announced plans to resubmit it in revised form at the coming congressional session, in an effort to overcome the court's objections. While few cities or districts have taken debt adjustment plans to court under the now finally disposed-of law, experience has demonstrated its effectiveness in holding bolting bondholders in line.

*

New Jersey Relief Tangle Clears.—With the announcement by Arthur Mudd, New Jersey state relief director, on September 22 that the financial assistance commission had accepted a revised estimate of probable local relief costs and had increased the proportions of state aid granted under its formula, the situation of New Jersey municipalities for the balance of the year became less confused.

The New Jersey State League of Municipalities had previously disagreed with the commission's estimates, both of probable relief costs and the amount of state and local funds available to meet them. The revised estimate announced September 22 reflects the League's position to a considerable extent, while also relaxing the previous scale of grants toward more substantial assistance by the state.

It is now estimated that the July 1-December 31 period will require for the municipalities in the state an outlay of $9,750,000, instead of the $10,500,000 previously predicted. The state's share of this total will be $7,500,000, instead of $6,000,000, and the localities will carry $2,250,000, instead of the $4,500,000 originally contemplated. Under the new estimate of costs and funds applicable to meeting them, and the new formula, the localities' share will be cut approximately 50 per cent. For example, Newark will pay $412,966, instead of $825,932.

*

Municipal Financing Up for Year.—The upward trend of new municipal financing, with decreasing dependence upon federal agencies, is indicated by *The Bond Buyer's* analysis of sales to October 1, 1936. State and municipal bond sales for the first nine months of 1936 totaled $803,391,752 as compared with $861,890,250 for same period last year. During the period in 1935 the PWA took $433,200 of the bonds and the RFC $12,096,000 with these figures cut to $183,000 and $4,857,232 to date in the current year.

*

PWA Grants Announced.—Since July 28 the Public Works Administration has made allotments for more than 985 projects requiring an estimated construction outlay of $134,926,500, according to a recent announcement. The federal share for which grants have been made is $61,250,000. Improved credit of the localities and bettered current finances leading to ability of a large proportion of the applicants to meet their 55 per cent share without government aid has resulted in the small amount of $5,800,000 of PWA loans accompanying the grants.

As of September 29, the finance division of the PWA reported that interest and bond sales of loans totaled $24,436,671, some $8,250,458 of this being clear profit on bonds sold to the Reconstruction Finance Corporation. The so-called "profit" on the transactions will be credited to the revolving fund from which grants for projects are made, the interest on the loans going into the federal treasury.

To September 29 the PWA is reported to have purchased $599,327,306 of municipal bonds in connection with its loan policy, of which $488,272,921 were sold to the RFC. To September 1 the RFC had sold $243,611,052 to the general public. Sales to third parties, maturities and cancellations total $9,003,758, leaving bonds with a par value of $142,050,625 on the PWA's books, which may be sold as added funds are required by the Works Progress Administration. The PWA has obligated itself to buy $778,000,000 of municipal bonds but the remainder will be purchased only as money is required by non-federal bodies to continue construction in the event funds from private investors are not forthcoming.

While the amount, if any, of the grants payable from the $300,000,000 public works fund appropriated by the last session of congress is not indicated in the announcement, it is said that 347 of the applications granted were approved August 12, with construction to begin by October, indicating that a portion of the grants were made from the appropriation of last winter.

*

Asbury Park Pays Bond Interest Through 1934.—An order allowing the city of Asbury Park, New Jersey, to distribute $310,000 in defaulted interest to its bondholders was signed in Atlantic City, October 11, by State Supreme Court Justice Joseph B. Perskie. The amount, which is equal to 2.5 per cent of the city's indebtedness, represents interest in default up to December 31, 1934.

Payment of the defaulted interest was authorized by the city council last August but was held up because the state municipal finance commission, to whose scrutiny the city is subjected, withheld approval of the plan. The commission, together with bondholders' groups, indicated the opinion that the city could pay a larger sum and directed the city to obtain a supreme court order specifying how the payment should be made. The city has yet to consumate a debt readjustment program with its creditors.

*

Pennsylvania Cities' Budget Progress Reported.—Budget statistics for forty-four third-class Pennsylvania cities have just been released by the state's department of internal affairs, created by act of the 1935 legislature as part of a program setting up a uniform system of accounting and budgeting for the state's municipalities.

The department's budget analysis for the 1936 budgets indicates that the forty-four third-class cities plan to spend approximately $25,600,000 during 1936, of which $22,957,961 is for regular city purposes and debt service and $2,685,966 for municipal water department operation, maintenance and debt repayment. On the revenue side, officials anticipate that current revenue collections will fall about $500,000 short of meeting the amounts appropriated, anticipated revenues being set at $25,100,000. To balance the budgets cash reserves will be utilized, the cash balances dropping from $1,589,361 at the beginning of the year to an estimated $1,063,632 at the close.

The extent to which the state act has led to sound budget practice is indicated by the fact that all but two of the forty-four cities succeeded in balancing their current budgets. Five cities continue the policy of eliminating both unpaid bills and the income from delinquent taxes from their budgets, but most are trying to put their operations on a cash basis. The cities as a whole proposed to finance approximately 80 per cent of the year's operations from taxes, current and delinquent, and the remaining 20 per cent from miscellaneous receipts and cash reserves. The average allowance for non-collection of current taxes is 15 per cent.

Approximately 65 per cent of the total city appropriations are for current operation and maintenance, 29 per cent for past debts, including debt service and unpaid bills, and 6 per cent for capital improvements and other outlay.

*

Interest on debt required $20,572,397, or 23 per cent, of total expenditures exclusive of utility operations, for the 110 Ohio cities in 1935, according to the recently released report of the state auditor. Exclusive of utilities, the 110 cities spent $89,667,892. General government accounted for $6,787,793, or 8 per cent, of the total.

*

Beginning October 1, New Orleans sales taxes mounted to four cents on the dollar, when a 2 per cent state sales tax was added to the local levy of the same amount. The taxes are nearly identical and cover almost all retail purchases, including many articles of food. Retail grocers swarmed the city hall shortly before the tax went into effect and were dispersed by police.

*

Dunbar, West Virginia, suffers from insufficient revenue because of the state overall tax limitation. As a consequence the fire department suffers from a fund shortage and the hose carts from an inadequate supply of fire hose. At a recent fire the hose would not reach from hydrants to burning buildings, and three homes were destroyed.

*

Seventeen states exact severance taxes on natural resource removers, according to a recent release of Editorial Research Reports. Examination of the tabulation fails to disclose a coal severance tax levied by any of the great coal producing states. Oil producing states, however, do exact an oil severance tax.

*

On $1,160,800 worth of tax delinquent property to which the city of Boston has taken title by foreclosure, 87.7 per cent of the parcels are vacant land. The "improved" properties averaged less than $2,000 each in value.

*

Constitutionality of Minnesota's rent receivership law was upheld by the state supreme court recently, which sustained a decision of the Washington County court holding that the law did not violate the uniformity clause of the state constitution nor the fourteenth amendment to the federal constitution. "It is not a legislative delegation of powers . . . nor is the statute impracticable of enforcement," said the court.

*

The better the building, the more apt is the owner to pay his delinquent taxes, according to a study of tax delinquent business property in the heart of Philadelphia recently completed by the Bureau of Municipal Research. Thus, on properties assessed at from $50,000 to $100,000, 85.6 per cent of the arrears were paid from December 31, 1932 to June 30, 1936, as compared with 49.7 per cent for properties assessed at under $1,000, and 79.3 per cent for the $4,000-$5,000 class.

*

"Know Your Government" is the title of a new series of brief discussions of state taxes being issued by the Oklahoma Tax Commission. The first issue—mimeographed—deals with the gasoline tax, traces its history, rate, and yield by years since its first introduction, compares it with similar taxes in other states, discusses the basis, use and distribution of the tax, and indicates current collections and expenditures from the tax.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

P.R. in the Dublin Election of 1936.—The Irish Free State is the land par excellence of proportional representation. P.R. is used for the election of members of the Dail (national legislature) and for the election of the governing councils of local governments (viz., county boroughs, counties, boroughs, and urban districts). The most recent demonstration in the Free State of the workings of P.R. on a large scale was the election of the Dublin city council on June 30, 1936. Dublin is a county borough containing some 467,000 people—by far the largest municipality in the Free State. (The Irish county borough is really a consolidated city and county.) There are only three other municipal areas which rank as county boroughs—Cork, Limerick, and Waterford, and none of these approaches Dublin in size. Dublin, therefore, furnishes the largest laboratory for the operation of P.R. in local Free State elections.

The Dublin election of 1936 was held under an enlarged local government franchise which included all citizens over twenty-one years of age ordinarily resident in the city at the time of compiling the register of voters. For electoral purposes the city was divided into five borough electoral areas, each returning a specified number of city councillors. The number of people qualified to vote, the number of valid votes cast, the number of invalid votes cast, the number of candidates, and the number of seats to be filled for each electoral area will be found in the table on page 678.

Some 51.4 per cent of those eligible to vote participated in the election and cast valid ballots. Less than 1 per cent of the eligible voters cast invalid ballots—i.e., they did not use the required official marks, they failed to indicate a first preference, they marked more than one first preference, they made unauthorized marks which might prove delivery of votes, or they made illegible figures. The balance of the electorate failed to exercise the right to vote.

For the non-voters there are certain similar explanations in all democratic countries: inertia, indifference, physical or administrative

DUBLIN ELECTION OF JUNE 30, 1936

Borough Electoral Area	*Eligible to Vote*	*Valid Ballots Cast*	*Invalid Ballots Cast*	*Candidates*	*Seats To Be Filled*
No. 1	48,579	21,519	472	15	7
No. 2	59,214	32,517	400	22	7
No. 3	61,440	32,617	566	25	8
No. 4	39,022	22,556	306	17	6
No. 5	61,599	29,733	507	15	7
Dublin Total	269,854	138,942	2,251	94	35

difficulties. For non-voting in the Dublin election of 1936, other reasons may fairly be advanced. A heavy rain which fell during the afternoon and evening may have deterred many workers who would otherwise have made the effort to vote after hours of work. The local electorate was, for the first time, expanded to conform to the national electorate. Those who had previously been excluded by additional franchise requirements for local elections had not acquired the habit of participating in local polls. The election was, according to the papers of the day, described by election officers and agents and by the police as the quietest they had known. Nowhere is the suggestion made that P.R. deterred people from voting. The Irish electorate is thoroughly familiar with the marking of P.R. ballots as a result of their use in both local and national elections over a period of years. P.R. was provided for local government elections generally by the Local Government (Ireland) Act of 1919. In 1922, the constitution of the Irish Free State provided for the election of members of the national legislatures upon principles of proportional representation. Familiarity with P.R. is attested by the fact that in the Dublin 1936 election there were some 2,251 invalid ballots out of a total of 141,193 ballots cast—only 1.6 per cent.

Election Procedure

The system of nomination is simple enough. To become a candidate in a borough electoral area, the individual must have a proposer and a seconder. In other words, a nomination petition signed by two persons places a candidate in the running. This has led to some frivolous candidacies by those who poll only several hundred votes. On the other hand, under P.R. the frivolous candidate does no great harm since his name is soon dropped in the transfer of ballots and his ballots are assigned to other candidates in accordance with the next available preferences expressed by the voters. The number of such candidacies was not great since only ninety-four candidates were proposed and seconded for thirty-five seats.

For each borough electoral area in Dublin, a ballot is prepared. The names of all candidates duly nominated for that area are listed on the ballot in alphabetical order without party designation. (This, however, does not prevent the parties from circularizing the voters with lists of candidates recommended by the party.) In voting the elector marks his preference opposite the names of the candidates—viz. 1, 2, 3, 4, 5, and so on. He may mark as many preferences as there are candidates. If fourteen names appear on the ballot, he may mark fourteen preferences. On the other hand, he may mark only a few preferences, according to his inclination. He may even mark only a first preference and his ballot is a valid one in the counting of first preference votes, but it can have no further influence. Under P.R. it is to the advantage of the voter to mark as many preferences as possible. This assures a maximum utilization of his voting power in the transfer of ballots during the counting.

In counting the ballots for a borough electoral area, the first step is to determine the number of valid ballots cast. Then the quota of votes necessary to elect a candidate to the council is ascertained. This is determined by dividing the total number of all valid ballots by a number exceeding by one the number of seats to be filled. The result increased by one (disregarding any fractional remainder) is the number of votes necessary to secure the return of a candidate. It is known as the "quota." In the Dublin election of 1936 in borough electoral area No. 1, there were 21,519 valid votes and seven seats to be filled. The quota necessary for election was 2,690 votes. In borough electoral area No. 2, there were 32,517 valid votes and seven seats to be filled. The quota in this area was 4,065 votes.

The ballots are first sorted in accordance with the first choices expressed by the voters. If any candidate receives a quota or more than a quota of first choices, he is elected. His surplus ballots (i.e., those exceeding the quota) are transferred to other candidates in accordance with the second preferences marked. (It may happen, however, that a ballot must be transferred according to its third preference, if the second preference, for example, goes to another candidate already elected, and so on.) The transfer of surplus ballots entails a compilation of the next available preferences expressed on all the ballots of the candidate obtaining more than a quota. A proportionate transfer of surplus ballots is then made to the remaining candidates strictly in accordance with this compilation.

After the transfer of the surplus ballots of elected candidates, the next move is to drop from the running the candidate having the lowest number of votes. His ballots are then transferred to other candidates in accordance with the next available preferences expressed thereon. The process of dropping the lowest candidate is continued until the necessary number of candidates needed to fill all seats have obtained quotas, or until only enough candidates remain in the race to fill the seats available.

P.R. may seem complicated at first glance, but in actual operation it is simple enough. Familiarity breeds simplicity. The system is like an old friend to those who operate it. The count of ballots does not take so long. For example, after the election of 1936 the count was completed for all boroughs in twenty-six hours.

P.R. Accomplishments

Stripped of technicalities, P.R. really accomplishes well known objectives, and the Dublin election of 1936 bears out this statement. Parties can obtain representation closely in proportion to the number of first choices they poll, provided their followers also give the next available preferences to like party candidates. Substantial minority party representation will result so long as the minority party has a substantial block of voters loyal to its candidates. Independents who have made themselves known in the city and have a following sufficient to poll a quota can be elected irrespective of party lines. *There can be no sweep of council seats by a party having only a plurality or a majority of the popular votes.*

In Dublin elections the parties send cards to the voters of each electoral area, indicating the party's candidates on the ballot. The voters are urged by posters and speeches to give the party's men the highest preference in the respective electoral areas. In the election of 1936 some clue to party strength in the voting is furnished by the first preferences expressed. These were approximately as follows: Fine Gael (Cosgrave) 44,700; Fianna Fail (DeValera) 41,200; Labour 13,500; and others (including Independents with substantial followings and a scattering of varied tickets) 39,500. The number of seats obtained by the respective groups was: Fine Gael, 13; Fianna Fail, 12; Labour, 2; Independents, 7; and Independent Labour, 1. The first-choice votes do not furnish an absolutely accurate analysis of party strength, since the other preferences count in the transfer of ballots. However, the first-choice votes do suggest the close correlation between party strength and seats obtained.

One of the interesting features of the campaign was the Lord Mayor's panel. Alderman Alfred Byrne, T.D., as Lord Mayor, recommended a slate of candidates to the voters in each electoral area. His panel was made up of Independent and Fine Gael candidates. Twenty of those on the Lord Mayor's panel were elected, including seven Independents and thirteen councillors representing Fine Gael. The Lord Mayor himself polled 14,297 first choices in an electoral area where the quota was 4,065. He had more than 10,000 surplus ballots. "Alfie" Byrne's personality and his vigorous campaign for his panel were some of the outstanding factors in the election.

In a sense the election was a contest between Fianna Fail, or the party in control of the Free State, and the Lord Mayor's panel of Independents and Fine Gael candidates. Fianna Fail put forth strenuous efforts to capture a majority of the seats in the council, but was unsuccessful. National issues were injected into the campaign. As in America, both major parties had their respective interpretations of the results. Fine Gael accounted them an indication of Dublin's aversion to the national policies of Fianna Fail. The latter could point to the heavy rain which possibly deterred workers from going to the polls and to local cross-currents as influencing the results.

It is not claimed for P.R. that it abolishes party lines, or keeps national issues out of local elections in the Free State. It is a workable system, simple enough once the people are accustomed to it. It is considered a fair system because it reflects proportionately in representative councils, the respective voting power which parties and independent groups muster on election day.

ARTHUR W. BROMAGE.
University of Michigan

EDITOR'S NOTE:—Professor Bromage is now on sabbatical leave and is resident in Dublin.

*

New York City Adopts P. R.—By the surprising vote of 920,138 to 536,304 (according to unofficial totals) New York City adopted proportional representation on November 3 for the elections of its new city council. At the same time the city approved a new city charter by 950,305 votes to 596,440.

The new charter abolishes the discredited board of aldermen, consisting of sixty-five members, and replaces it by a council less than half that size. The council becomes the sole legislative body of the city except that the board of estimate, which is now an upper house of the municipal assembly, retains a veto power over most important local laws in addition to the veto power of the mayor.

The members of the council are to be elected from borough-wide districts, each borough electing each time as many members as it polls multiples of 75,000 votes with an additional member for a remainder of 50,000 or more. The automatic reapportionment thus provided for was a strong argument for P. R. in the growing boroughs of Queens, the Bronx, and Brooklyn, which are now ridiculously underrepresented in relation to Manhattan. In the P. R. election of each borough's members any group of 75,000 voters can be sure of electing one councilman.

Because P. R. will inevitable decrease the overwhelming Democratic majority (sixty-two to three) in the city's legislative body and the new charter interferes in various ways with party patronage, the Tammany leaders in Manhattan and the Democratic leaders of the other four boroughs opposed both proposals. Shortly before the election they came out in the open and threw the whole weight of the party machinery against the two questions.

The most absurd misstatements were used repeatedly, particularly with regard to P. R. in a frantic effort to stem the tide.

Nevertheless, the new charter and P. R. carried every borough except Richmond (Staten Island) by substantial margins and polled majorities in fifty-nine assembly districts out of sixty-two. P. R. carried the borough of Brooklyn by more than two to one. Contrary to most predictions, it carried the whole city by a slightly greater margin than did the new charter.

The P. R. Campaign Committee under the chairmanship of Dr. Henry Moskowitz carried on an active campaign from headquarters adjoining those of the Citizens Charter Campaign Committee. It was supported by the *World-Telegram*, the *Herald-Tribune*, the *News*, the *Mirror*, and the *Post;* by such prominent citizens as Judge Seabury, Mayor LaGuardia, Borough President Ingersoll of Brooklyn, and President Nicholas Murray Butler of Columbia University; by nearly all the important city-wide civic organizations; by large sections, but not all, of the Republican Party; and by all the other minority parties, including the new American Labor Party, which polled over 237,000 votes for President Roosevelt in the city. With the Tammany opposition were the New York *Sun*, Comptroller Taylor, former Governor Smith, the Central Trades and Labor Council, and a number of local taxpayers' groups.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

New Haven Taxpayers, Inc.—The recent work of New Haven Taxpayers, Inc., has been the review of completed surveys and the restating of recommendations in an endeavor to be of assistance to the mayor and the members of the board of finance in their examination of department requests for the year 1937. Following are briefs of communications that were prepared:

Fire Department.—While commending the

board of fire commissioners for its recent steps in the direction of economy, it was pointed out that the cost of the New Haven fire department was still above the average cost of fifty-four cities of comparable size. It was shown that the average per capita cost was $3.56, while the cost for New Haven was $5.05; the average cost of fire protection per square mile was $27,338, for New Haven, $45,900; and on the basis of each $1000 adjusted assessed valuation, New Haven's cost was 15 per cent higher than the average. Opportunities for economies were outlined and the board was urged to continue adherence to the present policy of leaving unfilled any vacancies occurring. Realignment of company organization in accordance with the underwriters' schedules, consolidation of the service crews of both the police and fire signal systems, and the elimination of unnecessary fire stations as specified in the complete survey were also recommended. The estimated savings approached $145,000.

Lamps Department.—The review of the bureau's report on street lamps and street name signs indicated a continuous decrease in the duties of the lamp inspector and concluded that with the completion of the present street re-signing project, this one-man department could be eliminated with an annual saving approximating $3,000. The review also urged the extended use of wooden street signs with carved raised letters, which are less expensive to make and maintain and are more visible and lasting than the metal type signs now used. They could be made as a WPA project.

Tax Collector.—The possibility of an annual saving of $9,000 in the tax collector's budget was indicated in the report on that office. Means of accomplishing this were: more extensive use of mechanical equipment already available; installation of a numbering device; transfer of tax records to unit ledgers; reallocation and readjustment of work loads among regular employees and elimination of personnel rendered unnecessary by these suggested innovations. Making the tax collector's position appointive under civil service was also recommended, as was greater diligence in the collection of taxes and prosecution of delinquent taxpayers.

Police Department.—From the examination of police administrative statistics, presented in the review of the police report, it was disclosed that New Haven when compared with twenty-six comparable cities had the greatest number of police employees per thousand population; that New Haven has more foot posts and fewer motor beats than the cities studied; that the average area served by New Haven's precinct station is about three square miles as compared with the average of twenty-six square miles of sixteen cities with an average population only slightly less than that of New Haven; and that the average cost for these cities is $350,000 while the 1936 appropriation for the New Haven department was $800,000. Opportunities for reducing police costs in New Haven by more than $200,000 exist in gradual reduction of personnel, continuance of the present policy of not filling vacancies and of no promotions, elimination of all precinct stations and centralization of administration at headquarters, realignment of beats and more extensive use of the present radio motor cars.

Old Age Assistance Tax.—The review of the old age assistance tax study pointed out the inadequacy of the procedures used last year in making the house-to-house enrollment and in preparing the lists and bills. As a result it was recommended that: these responsibilities be given to the office responsible for compiling other tax lists; a qualified supervisor be appointed; consolidation of positions and of name canvasses be considered; and reporting and listing procedures be revised to expedite the work and to render unnecessary some of the present regular clerks and extra help. The review also indicated a laxity in collection procedures both of the old age assistance tax and the delinquent personal tax which had resulted, April 1, in collection of only 64 per cent of the old age assistance tax in New Haven, although Hartford, Bridgeport, and Waterbury averaged a 78 per cent collection of this tax. Vigorous collection methods, advance preparation for prompt follow-up of delinquents by the tax collector and the use of untried educational media were recommended as means of reducing old age assistance tax delinquency.

Registration and Election Procedures—The summary of the report on registration and election procedures showed that not only were the 1936 appropriations to the registrars of voters more than sufficient for the needs of this department and did not warrant any increases, but also that opportunities for possible economies existed, namely: further reduction in the number of voting lists printed; storage of type used for these lists; a downward revision of the salaries paid the general registrars and the selectmen; reduction in the number of city-paid party workers used on election days; more extensive use of rent-free rooms for polling places; inspection and erection of voting machines by regular city mechanics without charge; and preparation of permanent fixtures for the polls. These and other recommended changes were estimated to result in an annual saving in excess of $7,000.

Town Clerk.—The summary of the town clerk report reviewed the previously recommended revision of the present method of indexing and recording used in this office. The adoption of a card index system to replace present bound volumes and the installation of the photographic method to eliminate need for typewriter copying will make it possible for the work in this office to be handled more expeditiously and accurately, with eight less clerks and at an annual saving in salaries and supply costs of more than $10,000.

City Clerk.—Re-analysis of the work of the city clerk's office, disclosed that conclusions originally reached in a survey of this department still obtained. As the work of this office was found not to warrant the continued employment of the four present employees, the consolidation of positions of city clerk and assistant city clerk was recommended. A further consolidation of the responsibilities and positions of the town clerk and city clerk was indicated as possible and desirable. The estimated saving was $15,000.

Schools.—While the economy moves of the department of education were regarded as steps in the right direction, the review of the school report indicated that the possibility of economies resulting from the closing of either the Eaton School ($25,000 to $30,000) or the Fair Street School ($11,000) still obtained.

The necessity for remedial legislation was discussed in various reports.

Several recommendations of the bureau made in the above reports have been adopted as well as the installation of a modern budget form, improved annual reporting practices and a model controller's quarterly report. There is much yet to be accomplished, although a reduction of more than $300,000 has been made in the 1937 budget ($9,694,820) by the board of finance, in spite of a restoration of 5 per cent of previous pay cuts.

The paid membership of the association is just under 2,000.

PAUL B. WILCOX,
Executive Director

*

Commonwealth Club of California.—The club has rounded the corner into its thirty-fourth year with a membership of 3,150, a reserve fund whose market value exceeds $250,000, thirty active volunteer study groups, a research service which at intervals employs a salaried staff on specific projects and, by way of divertissement, a men's glee club and a men's orchestra.

The club's library now embraces 11,000 books and pamphlets and its reading table carries a list of 150 magazines and newspapers, numbers of which have been preserved in bound form since the San Francisco fire of 1906.

Last June the club's fifth annual award of two gold and three silver medals to California authors of the books considered "most meritorious," both in the fields of research and creative literature, were presented by President Edgar E. Robinson, Professor of American History at Stanford University.

Determined efforts have been made to secure enactment by the mayor and the board of supervisors of San Francisco of a disaster preparedness ordinance designed to provide instant and effective mobilization of all the city's public health, transportation, communications, fire fighting, and other resources in event of such a major catastrophe as a severe earthquake or storm.

During the past year eleven monthly dinner meetings of the club were held to hear reports of study sections on social, economic, industrial, or non-partisan political problems, these reports subsequently appearing in condensed printed form as part of the club's official journal "The Commonwealth." The study sections held a total of 444 meetings with a combined meeting attendance of 6,779 members.

The radio-broadcast, forty-five minute

Friday luncheon addresses by distinguished speakers—an institution now over a quarter of a century old—last year heard sixty-two noted speakers, including Sherwood Eddy, Edward A. Filene, Major General Paul B. Malone, Hon. Manuel Quezon, Hon. Daniel Roper, Dean Roscoe Pound, Hon. James M. Beck, Admiral J. M. Reeves, Hon. Marriner S. Eccles and Dr. Robert E. Spear.

The newly instituted Commonwealth Club junior memberships have shown an encouraging growth. Many men on the underside of thirty years of age have joined the club and become an integral part of the club's research work on public problems.

Projects now being handled by the club's sections, for eventual report to the main body, include: the law of torts, state agricultural labor problems, a highway system to integrate with the two new bay bridges, academic freedom in the schools, chain store tax, a state fish and game management plan, restriction of immigration, industrial relations, mining laws, and a new state constitution.

*

Minnesota Taxpayers Association.—The Association has recently completed a study of tax delinquency in the state to determine present trends and to secure the facts upon which to base recommendations to the 1937 legislature with reference to existing laws on tax delinquency and the collection of delinquent taxes. This study included an analysis of the effects of the ten-year payment plan for old delinquent taxes enacted by the 1935 session of the legislature.

During the past few months the Association has conducted a series of district meetings throughout the state. These meetings crystallized sentiment for the Association's legislative program. Among the measures in which the Association is interested are the following: enactment of a law providing (with proper safeguards) for the operation of all local governments on a cash basis; provision of a system of uniform financial reports from all local governments; public hearings on all budgets before adoption; enactment of legislation establishing a sound system of limitations on the power of local governments to incur debts.

The Association has compiled and published the "tax platforms" of all candidates for the state legislature and has conducted an educational campaign with reference to the constitutional amendments before the voters in November.

*

Dayton Research Association.—The Association has, during the past year, been principally concerned with methods of keeping the interest in governmental research sufficiently alive to provide support from the community.

To this end, the Dayton bureau has started the publication of a pamphlet, *FACTS,* which has been received with considerable interest and shows possibilities of creating a desire on the part of citizens to know more about public affairs. The pamphlet is greatly condensed, which should be the case when figures and facts are presented for public consumption.

In addition to the scheduled collection and analysis of statistics, the bureau has been preparing a report on the debt of Montgomery County. The report will show both the visible and invisible debt which has been and is being assumed, and will offer suggestions intended to effect a reasonable control of its growth and retirement, more suited to the community than the broader legal limitations.

The bureau is making a continuous analysis of various facts affecting the business life of the community. The material for this record is being furnished by the Chamber of Commerce and the aim is to provide ready and simple analyses for immediate use, rather than a bare record of figures.

A revamping of the by-laws and a general revision of methods of operation of the bureau to meet the changing conditions following the depression is being considered.

CHALMERS C. MILLER, *Director.*

*

Taxpayers Research Association of Fort Wayne.—The current issue of *The Research Bulletin* published by this organization, points out that local taxes in Fort Wayne have been reduced 40 per cent in the past five years.

The bulletin states that a major factor in this reduction of local governmental expenditures has been the work of the Taxpayers

Research Association, which was organized not merely to protest against high taxes, but, to fight waste and extravagance with an array of facts and analyses by which adequate budgets for good local government at the lowest possible cost could be scientifically determined. Mr. A. C. McCoy, executive secretary of the organization, is a certified public accountant and was formerly county auditor and city controller of Fort Wayne.

In addition to seeing that budgets of local governmental units are adopted each fall in accord with actual needs, the organization continues its work throughout the year. It keeps up-to-date analyses of all governmental departments so that the facts may always be available for use in the work of the Association in carrying out its program. It not only appears before the county tax adjustment board each year but it carefully scrutinizes requests for additional appropriations whenever these requests come up. It watches all receipts and expenditures and proposed bond issues. It appeals to the board of state tax commissioners whenever necessary. Its program represents a scientific plan of tax control by the taxpayers themselves.

*

Bureau of Municipal Research of Philadelphia.—The Bureau's contention that the sinking funds of the city of Philadelphia required an appropriation for 1935 of about $7,600,000 was sustained by the supreme court of Pennsylvania in a decision rendered on January 6, 1936. This decision also did much to clarify other points of sinking-fund administration, among them that a separate sinking fund must be maintained for each loan. The city has since paid $1,000,000 of the above amount to the sinking fund commission and is now beseeching the supreme court for permission to pay the balance on the installment plan over a period of seven years.

In its special session of this year, the state legislature gave first approval to a proposed constitutional amendment changing the basis of Philadelphia's borrowing capacity from the assessed valuation of realty and personal property combined to realty alone. The Bureau has long urged such a change and drafted the proposed amendment.

The special session also started on its way a constitutional amendment liberalizing the process of amending the constitution, another change the Bureau has long been urging.

Because of the inability of the Philadelphia Rapid Transit Company to pay the rentals it is under contractual obligation to pay to the underlying companies, various proposals have been made recently for fundamental changes in the transit situation, one a reorganization of the private companies into a single new company, and another the purchase by the city of the private companies. The Bureau has kept the public advised how the city's interests would be affected by these proposals.

A comprehensive report on the finances of the city's waterworks, its rate structure, and desirable changes in present rates is now nearing completion.

Supplementing a study of the city's 1932 delinquent taxes made by the Bureau several years ago, the Bureau last summer made a study of the extent to which the various assessment groups in the central business district had paid the 1932 delinquent taxes during the three and one-half year period from January 1, 1933 to June 30, 1936.

The Bureau has given a great deal of assistance to various state-wide organizations that are working for state civil service legislation. At present the Bureau is preparing for these organizations, among them the Pennsylvania Civil Service Association, a report which they plan to present to the governor outlining a constructive proposal for a merit system for the state.

The director of the Bureau is also serving as a member and as secretary of a state committee to recommend a merit system for the welfare work of the state, including unemployment relief, old age assistance, mothers' pensions and assistance to the blind.

*

New York City Club.—Several weeks ago, Allan Seed, Jr., civic secretary of the City Club, reported that during the past year a greater number of members than ever before had actively participated in the Club's civic program. More than 450 members are enrolled on sixteen committees which held 120 meetings at the clubhouse in less than twelve months.

The Club made the usual thorough study of state legislation affecting New York City. Several special committees were established and the board of trustees received reports on several hundred bills. In several instances representatives of the Club spoke at public hearings in Albany on behalf of important bills. A municipal legislation committee performed a similar service in connection with local laws.

The Club played a prominent part in the successful drive to secure passage in November 1935 of the county home rule amendment. The Club financed and conducted a state-wide publicity campaign on this important measure.

The City Club has played a leading role in the campaign to secure a new charter for New York. The most recent activity in this connection has been the establishment of a clearing house for speakers on the new charter, the organization of a program for training speakers and participation in a city-wide educational campaign.

Several statements to the press were issued by the Club with reference to the need for a comprehensive sewage disposal program to eliminate harbor pollution. The Club has renewed its attack on inadequate zoning laws and is sponsoring an ordinance designed to curb uneconomic, speculative building and land crowding.

The organization also took the leadership in establishing a joint committee representing civic, recreational, and social agencies to draft a comprehensive report for the guidance of the authorities in charge of the World's Fair to be held in New York in 1939.

A bill has been drafted by the Club to establish a "New York Scotland Yard" which, it is believed, would enable the city to cope with organized vice and racketeering.

*

The Toledo Commission of Publicity and Efficiency.—The advent of council-manager government in Toledo has resulted in a busy year for the Commission. The new administration considers the Commission in its true aspect as a consultant on municipal problems, especially as regards the compiling of data and statistics on standards of administrative operation. To this end the Commission has been, and is, conducting a number of widely diversified studies, several on its own initiative, and some at the request of the city manager, which have for their purpose the bringing to light of all of the facts surrounding several important administrative functions in an effort to determine whether or not past and present methods are giving the city the most for each dollar expended.

Perhaps the most important activity in which the Commission is involved is the preparation and compilation, in coöperation with the city manager and the secretary of the civil service commission, of a complete classification of all positions in the municipal service, together with comparable salary data from local private business and from other cities in the same population range. For the past several years municipal expenditures for personal services have exceeded 75 per cent of the total expenditures for operation. The absence of satisfactory job specifications, personnel arrangement, and a sound and tenable salary program has meant that seventy-five cents out of each operating dollar has been more or less blindly spent. In the belief that the correct way to handle the problem of sound budgeting is through a thorough analysis of the largest item of expenditure, personnel activities have been completely studied and a proposed classification program is about to be released.

Incidental to the problem of reclassification is the revision of the rules and regulations of the Toledo civil service commission. The commission of publicity and efficiency is compiling at the present time much information upon which a model set of civil service rules may be predicated.

Several research studies are being carried on with the aid of the WPA. Among these are a survey on all tax exempt property within the city; a study of all minor highway privileges and street encroachments (now completed, but not reported); a survey of all municipally owned property, especially park triangles and minor parcels wherein municipal ownership was not a matter of current municipal records; a study of the costs, methods and efficiency of street cleaning; a study of health inspection services; a survey of sewage treatment and disposal; and several minor studies designed to show the true cost of operating several municipal activities.

During the months of June and July the

Commission made a survey of the collection of garbage within the city. It is believed that this survey produced the first fairly accurate cost determination that has been made in Toledo for many years. The results of the survey pointed out several defects in the present program and incorporated recommendations for the betterment of the service. It is believed that the recommendations will be adopted entirely before the beginning of the next heavy collection season.

H. P. Ells, *Secretary.*

*

St. Louis Governmental Research Institute.—During the year the Institute has broadened its field of activities to include studies of the state government and of the government of St. Louis County. Studies under way on the state government include analyses of receipts and disbursements in the general revenue fund and studies of the yield and disposition of the revenues from sales and liquor taxes. A study is also being made of state budget procedure with the view of setting up a classification of receipts and disbursements and an outline for a budget document which would contain a complete picture of receipts and appropriations for all the various funds.

In St. Louis County studies are being made of administrative procedure and bills are being drawn for the next legislature, designed to bring about desirable improvements. A complete new accounting system has been designed and is now before the officials for approval. Plans are under way also to draft a constitutional amendment which would permit the voters of the county to adopt a charter form of government.

Considerable time has been given to the problem of relief administration and relief financing in the city. The need for securing additional relief funds has resulted in suggestions to put on a drive to collect delinquent taxes to supplement available revenues and to request additional aid from the state through additional appropriations from the sales tax and other emergency revenues.

Two men have recently joined the staff as senior staff members. Mr. Hubert W. Stone came to the Institute in August from Harrison, New York, where he had been serving as cost accountant for the educational building study of the regents' inquiry. For two years prior to that he was comptroller of the town of Harrison, New York. Mr. Fred W. Talbot was formerly staff engineer for the Erie County Taxpayers' Association and, more recently, was engineer and assistant superintendent for the Pennsylvania Park and Harbor Commission at Erie, Pennsylvania. At the present time Mr. Stone and Mr. Talbot are engaged in making studies of county government and the preparation of legislation to be presented to the legislature next January.

Carter W. Atkins, *Director.*

*

Research Department of the Portland (Oregon) Chamber of Commerce.—The research activities of the Portland Chamber of Commerce are conducted chiefly by the Research Council comprising more than sixty attorneys, business men, economists, educators, engineers and physicians, and the staff of the Research Department. Projects requiring extensive study by men possessing special qualifications for such study are carried forward by committees of the Research Council assisted by the Research Department. Current demands by or through the various departments of the Chamber, from members of the Chamber of Commerce and others for industrial, economic and business surveys, and for a wide range of authentic factual data, are met by the Research Department.

Among the more important reports prepared during the fiscal year 1935-1936 were those dealing with: Oregon-Washington-California Tax Systems; the Master City Plan; Development of Forest Industries; Economic Factors Affecting Timber Conservation in Douglas Fir Region; Oregon Economic Problems; Business and Industrial Development and the Oregon Pressure Groups.

During the past year the manager of the Research Department served as executive secretary of a special committee on social security which spent several weeks in an extensive study of the subject and assisted in drafting the Oregon social security act.

The Governmental Research Committee of the Research Council and the Research Department are at this time engaged in the analysis of numerous initiative measures which will appear on state and city ballots this fall. Among them are two tax limitation measures and proposals for a state bank, and a statewide distributive system for electric power.

Frank Byam, *Manager*

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Modernizing Our State Legislatures. By A. E. Buck. Philadelphia, American Academy of Political and Social Science, 1936. 45 pp. Fifty cents.

With the unicameral legislature of Nebraska providing an opening wedge there is some hope that the jam of lassitude may be broken and our state governments will make some immediate progress in improving their legislative systems. Many suggestions have been offered in the last thirty years—Doctor Buck in this pamphlet brings together the most valuable of these, adds to them some of his own and interprets the whole, thus providing a laconic presentation of assistance to legislator, teacher and student of government.

State government, being a form of local government, should resemble more closely in its structure and methods the form and working of local government than of national government, says Dr. Buck. Cities have found it to their advantage to abandon the cumbersome and wasteful bicameral council, have "eliminated the conference committee, curtailed committee parleys behind closed doors, encouraged open consideration and discussion from the floor, brought the executive or manager into closer touch with legislative work and generally improved the quality of local legislation." States can well profit by their example.

Specific weaknesses of the existing legislative system are indicated and methods designed for strengthening them. A reduction in the number of members, better election methods, longer terms of office, provision for recall of members and civil service for legislative employees are among the proposals to improve the quality of legislative membership. There are also suggestions to improve legislative procedure and methods, to curtail the quantity and improve the quality of legislation and to establish party responsibility and executive coöperation. A final section of the study discusses the one-house legislature as it is in Nebraska, as it has been proposed for other states and as it exists in countries outside the United States.

*

The Administration of Old Age Assistance in Three States. By Robert T. Lansdale, Agnes Leisy, Elizabeth Long and Byron T. Hipple. Chicago, Public Administration Service, Publication No. 53, 1936, 78 pp. $1.00.

Three states, Massachusetts, New Jersey and New York, had had considerable experience with the administration of old age assistance prior to the federal government's entry into the picture. In this study the systems of administration used by each is described for the benefit of those thirty-nine states now eligible to receive federal grants-in-aid toward their old-age assistance programs and other states which may take advantage of the federal provisions later.

In all three states old-age assistance is administered locally; the established state welfare agency exercises supervision only as a basis for reimbursement by the state to the local governments of part of the cost. Under the New Jersey law, help for the aged is administered by county boards. In New York and Massachusetts, the aged are cared for variously through county, city and town agencies.

Elements of a state supervisory program suggested in the report are: (1) Systematic distribution of rules and regulations as the basis for work manuals to aid local workers; (2) Control of the standards of all local personnel, preferably through a state-wide civil service or merit plan; (3) Assistance in the organization of local units for old-age assistance; (4) Operation of a field service; (5) Supervision of local fiscal procedures, including advice on methods and systems; (6) State-installed systems of record-keeping and statistics; (7) Provision within the state administration for a formal method of appeal for aggrieved applicants or recipients and (8) Initiation of occasional reviews of the local work (spot audits) particularly in those units where noncompliance with the rules may be suspected.

*

National Taxation of State Instrumentalities. By Alden L. Powell, Urbana, Illinois, University of Illinois Press, 1936. 166 pp. $2.00.

Attacking vigorously the immunity of state and local agencies from national taxation, the author proposes that this immunity be removed either by the Supreme Court or by a constitutional amendment. The "touch-not" policy which does not admit of direct interference by taxation on the part of one government with the governmental agencies of another was based on the theory that "the power to tax involves the power to destroy." The author believes that state and local agencies are in no danger of destruction by nondiscriminatory federal taxes and that the doctrine of immunity in this instance is weak and unsound. He proposes grounds upon which may be justified the national taxation of interest derived from state and local obligations.

*

City of Buffalo Financing in the Depression. Compilation and Study by the Buffalo Municipal Research Bureau, Inc., 1936. 28 pp. mimeo. Twenty-five cents.

This is a survey of Buffalo's fiscal situation from June 30, 1928 to June 30, 1936. The city's charter was changed during this period and a well defined program to reduce operating expenditures undertaken. The study is presented with no thought of evaluation of the measures taken. It simply shows the path, in many respects a wavering one, of a single city struggling through the morass of the depression.

Financial Statistics of Local Governments in Oklahoma. Oklahoma Tax Commission, Research and Statistics Division, Bulletin No. 19, 1936. 79 pp. mimeo. Apply to the Commission.

The cost of local government, revenue receipts of local governments, the general property tax levies, property tax delinquency, total and per capita assessed valuations and the average tax rates per $100 assessed valuations in Oklahoma are some of the topics treated in this study. The trend of local finances is indicated by an analysis covering the period 1931-1935.

*

City Indebtedness in Texas. By J. T. Barton, Austin, University Publications, the University of Texas, 1936. 102 pp. Apply to the University.

This presents a statistical survey of municipal indebtedness in a sample of fifty-eight incorporated municipalities of more than 1000 population in the state of Texas.

*

Parking Meters. United States Conference of Mayors, Report No. 121, Washington, D. C., 1936. 16 pp. mimeo. Fifty cents.

Fifteen cities, the majority in the south and southwest, at the time of this report were using parking meters as a method of parking control. Their experience is digested in this report for the benefit of other municipalities considering this method of meeting a growing problem. The study includes typical parking meter ordinances.

*

The Legal Status of Parking Meters. Institute of Municipal Law Officers in coöperation with the United States Conference of Mayors, Report No. 12 of the former organization. Washington, D. C., 11 pp. mimeo. Fifty cents.

A discussion of the legal problems raised by the advent of pay-meters to measure legal parking time is timely and helpful. The two most important problems to be settled are whether parking meters interfere with the "free use of the streets" within the meaning of various state statutes and whether the five cent parking fee can be justified under the municipal police power.

NATIONAL MUNICIPAL REVIEW

DECEMBER ✦ 1936

Convention Issue

Toward a Municipal Land Policy
• • • EDITORIAL

Homestead Exemption for Nebraska?
• • • A. W. GORDON

Police Organization and Administration
• • • O. W. WILSON

Apportionment of State Relief Funds
• • • L. LÁSZLÓ ECKER-R.

The Future of the Municipal Research Bureau
• • • HOWARD G. FISHACK

The Business Man's Stake in the Civil Service
• • • ROBERT L. JOHNSON

Comparative Tax Rates of 259 Cities, 1936
• • • ROSINA MOHAUPT

Published at 150 FREMONT STREET, WORCESTER, MASS., by the
NATIONAL MUNICIPAL LEAGUE
309 EAST 34th STREET, NEW YORK, N. Y.
VOLUME XXV, NO. 12 TOTAL NUMBER 246

THE NATIONAL MUNICIPAL REVIEW covers the field of government by means of articles, comment, and news notes. It is sent to all members of the National Municipal League. Those who do not desire to become members of the League may subscribe to the REVIEW by paying five dollars a year in advance. Canada subscription rate $5.25 in advance; foreign $5.50. Single copies of the REVIEW 50 cents. Checks should be made payable to the National Municipal League and mailed to 309 East 34 Street, New York. N. Y.

EDITOR
HOWARD P. JONES

ASSISTANT EDITOR
ELSIE S. PARKER

EDITORIAL COUNCIL
HAROLD W. DODDS, *Chairman*
LOUIS BROWNLOW
A. E. BUCK
RICHARD S. CHILDS

CONTRIBUTING EDITORS
JOHN BAUER, Public Utilities
ROWLAND EGGER, Foreign News
GEORGE H. HALLETT, JR., Proportional Representation
ROBERT M. PAIGE, Governmental Research Association Notes
H. M. OLMSTED, Notes and Events
GENEVA SEYBOLD, Book Reviews
WADE S. SMITH, Taxation and Government
PAUL W. WAGER, County and Township Government

PUBLISHED BY THE NATIONAL MUNICIPAL LEAGUE
Harold W. Dodds, *President*
Carl H. Pforzheimer, *Treasurer*
Howard P. Jones, *Secretary*
George H. Hallett, Jr., *Associate Secretary*
Walter J. Millard, *Field Secretary*
Clinton Rogers Woodruff, *Honorary Secretary*
Miss Marguerite M. Wells, Minneapolis *First Vice President*
C. A. Dykstra, Cincinnati *Second Vice President*

HONORARY VICE PRESIDENTS
Charles A. Beard, New Milford, Conn.
H. L. Brittain, Toronto, Ont.
Henry Bruere, New York
Harry F. Byrd, Winchester, Va.
Harry Woodburn Chase, New York
Frederic A. Delano, Washington, D. C.
John N. Edy, Toledo, Ohio
Samuel S. Fels, Philadelphia
Mayo Fesler, Cleveland
Russell Forbes, New York
A. R. Hatton, Evanston, Ill.
John R. Haynes, Los Angeles
Frank O. Lowden, Oregon, Ill.
Charles E. Merriam, Chicago
W. B. Munro, Pasadena, Calif.
Frank L. Polk, New York
Thomas H. Reed, Ann Arbor, Mich.
Chester H. Rowell, Berkeley, Calif.
Murray Seasongood, Cincinnati
Miss Belle Sherwin, Washington, D. C.
Mrs. F. Louis Slade, New York
A. Leo Weil, Pittsburgh

COUNCIL
Richard S. Childs, New York, *Chairman*
Henry Bentley, Cincinnati
Louis Brownlow, Chicago
Harold S. Buttenheim, New York
Louis I. Dublin, New York
L. Arnold Frye, New York
Robert M. Goodrich, Providence R. I.
Joseph P. Harris, Seattle
Louis P. Head, Dallas
David Hinshaw, Westtown, Pa.
Robert W. Johnson, Princeton, N. J.
Mrs. Siegel W. Judd, Grand Rapids
Morris B. Lambie, Minneapolis
Mrs. Virgil Loeb, St. Louis
William P. Lovett, Detroit
Seabury C. Mastick, Pleasantville, N. Y.
Lewis Meriam, Washington, D. C.
Frank H. Morse, New York
William E. Mosher, Syracuse
William B. Moulton, Chicago
Lawson Purdy, New York
Clarence E. Ridley, Chicago
Henry L. Shattuck, Boston
Charles P. Taft, 2nd, Cincinnati
Laurence A. Tanzer, New York
Lent D. Upson, Detroit
Henry M. Waite, Cincinnati
Morton L. Wallerstein, Richmond
John G. Winant, Concord, N. H.

PUBLICATION OFFICE: 150 Fremont Street, Worcester, Mass.
EDITORIAL OFFICE: 309 East 34 Street, New York, N. Y.
Entered as Second Class Matter July 11, 1932, at the Post Office at Worcester, Massachusetts

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXV, No. 12
TOTAL NO. 246

NATIONAL MUNICIPAL REVIEW

CONTENTS FOR DECEMBER

The League's Business........................*Howard P. Jones* 690

Editorial Comment..................................*H. P. J.* 691

Homestead Exemption For Nebraska?.............*A. W. Gordon* 693

Police Organization and Administration...........*O. W. Wilson* 700

Apportionment of State Relief Funds........*L. László Ecker-R.* 706

The Future of the Municipal Research Bureau...............................*Howard G. Fishack* 714

The Business Man's Stake in the Civil Service..................................*Robert L. Johnson* 719

Comparative Tax Rates of 259 Cities, 1936.......*Rosina Mohaupt* 722

Recent Events Reviewed

- Notes and Events..........................*H. M. Olmsted* 736
- County and Township Government..........*Paul W. Wager* 741
- Taxation and Finance.....................*Wade S. Smith* 743
- Proportional Representation..........*George H. Hallett, Jr.* 745
- Governmental Research Association Notes..*Robert M. Paige* 749

Recent Books Reviewed.........................*Geneva Seybold* 753

The contents of the National Municipal Review are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service.*

COPYRIGHT, DECEMBER, 1936 BY
National Municipal League

THE LEAGUE'S BUSINESS

The Toledo Convention.—Challenging the citizen to accept his full share of responsibility, both Dr. Harold W. Dodds and Dr. A. R. Hatton, in addresses before the forty-second annual meeting of the National Municipal League held at the Commodore Perry Hotel in Toledo, November 16 and 17, pointed out that such acceptance was an essential part of democracy. The citizen in a democracy has no easy time of it. As Dr. Dodds said, "democracy demands that individuals save themselves by their own intelligence."

These men were addressing a group already convinced of the prime importance of citizen education and participation in government. Six hundred and thirty registrants from many states crowded group sessions eager to exchange experiences of mutual benefit and obtain advice on local governmental problems. The problem of how to attend eight round tables simultaneously, which distressed many at the conference, remained unsolved. The round tables were on the reconstruction of municipal finance, social security and unemployment relief, techniques of citizen education and action, selection of candidates for public office, the effect of subsidized public housing on municipal finance, the problem of law enforcement, county government reorganization, and municipal personnel problems and administration.

Frankness was the order of the day. An extremely interesting contrast might be afforded by comparing talks at this conference with those at a political gathering. Failures were discussed quite as freely as methods that had proved successful. The viewpoint of all interested was sought. In the section on municipal finance, for example, municipal officials and citizens heard how bankers and other investors in municipal bonds felt about municipal credit. Tax administrators in Ohio warned other states not to follow the example of Ohio in adopting tax limitation laws that were proving calamitous.

"The most stimulating discussion of the city manager plan I have ever heard," remarked a newspaper man as he burst from the room where for two hours there had been a session on progress under the city manager plan with attention focused on Cincinnati and Toledo.

There was more talk of P.R. in the air at this convention than at meetings in many years. It entered naturally into discussions of how to obtain good candidates for public office and the successful operation of the council-manager plan but was chiefly a topic of interested conversation because of the news that the largest city in the country had just voted to use the system to elect its council under a new charter. A full report of the annual meeting of the P.R. League, which was held as the closing session of the conference, will be found on page 746 of this issue. In moments between sessions of the conference many tried operating a model P.R. voting machine which was on exhibit.

At the National Municipal League's annual business meeting officers and members of the council as nominated by the nominating committee and reported in the November Review were elected by the League.

The work of a large committee on local arrangements, which devoted days to preparation, resulted in one of the most efficiently managed conferences the League has ever had. W. W. Knight was chairman of this committee and Donald F. Emch secretary.

The League accepted an invitation to hold its forty-third annual meeting, in 1937, in the city of Rochester.

Following are comments from a few of those attending the Toledo sessions:

John S. Linen, Second Vice-President, Chase National Bank, New York: "You are to be congratulated on the success of the general convention program and I am sorry that I did not have an opportunity to get around to the other sessions more than I did."

Edward M. Martin, Secretary, Public Affairs Committee, Union League of Chicago: "I think the Toledo meeting was one of the best League conventions I have attended. . . . Both you and the local committee are to be congratulated on the success of the occasion."

O. W. Wilson, Chief of Police, Wichita, Kansas: "I enjoyed the meetings held by the police division immensely and feel that they were very worth while."

Miss H. M. Dermitt, Secretary, Civic Club of Allegheny County, Penna.: "I think the Toledo convention was a great success. It was extremely helpful to me because of the discussions on matters with which we are most concerned at the present time."

Herman M. Somers, Chief Statistician, Public Welfare Department, State of Wisconsin: "I found the meetings interesting and profitable and was glad I attended."

Alonzo G. Grace, University of Rochester, College of Arts and Sciences: "I thought the whole meeting this year was well organized and participated in by a very interesting group. It was well done. One of the finest things of the whole business was the way that you arranged the program—not only the form of the program, but the way it was carried out."

Roscoe C. Martin, University of Texas: "I enjoyed very much the recent meeting of the National Municipal League and appreciated the opportunity to participate in its discussions."

Howard P. Jones, *Secretary*

Editorial Comment
◆
December

NATIONAL MUNICIPAL REVIEW

Vol. XXV, No. 12

Total No. 246

Toward a Municipal Land Policy

As the depression lifts and municipal finance rests upon a sound foundation of tax revenue currently collectible, one important job that municipalities will have to undertake is that of cleaning up their tax rolls. Many parcels of property in almost every municipality have such heavy accumulated delinquencies against them that the amount due in taxes exceeds the value of the property. This is particularly true of suburban areas partially undeveloped at the beginning of the depression—areas, that is, where public improvements were installed but where vacant lots tell the story of halted growth.

There are so many illustrations of this ready to hand in almost every suburban area that it seems unfair to point to any particular section. We might, however, look at one lot in a desirable residential section in the conservatively developed suburban area of the city of Rochester, New York. The lot was probably purchased hopefully by a young couple some years ago as a future home-site. Its present assessed valuation is $250, assessed values in Rochester running fairly close to full value at the present time. The accumulated taxes last year on this property were $422.80. Needless to say the taxes have not been paid recently and the lot as a home-site represents just another one of those dreams that never came true.

From the standpoint of the municipality too, the lot represents a dream of revenue that will never come true so long as the property with its accumulated delinquencies is carried on the tax roll.

There are probably three distinct phases to the problem of vacant land that is not paying taxes. The first is, how to get it off the assessment roll. This is important, of course, for a number of reasons, one of which is that just so long as it remains there, municipal officials will be kidding themselves as to how much money they can raise in a given year. But foreclosure is expensive and clear titles difficult to obtain. Until a simple and inexpensive foreclosure procedure is developed, it will be difficult to handle anything but large parcels. In this connection, Erie County, New York, with approximately one hundred thousand parcels delinquent, has foreclosed eleven thousand.

The second phase of the problem is what to do with the land after a municipality has obtained title to it. Erie County has gone into the real estate business and is selling lots for home-sites. But there is a very real relation between the municipally-owned vacant lot and many important local functions of government. A housing program, a school building program, parks, libraries, playgrounds, and other public buildings and enterprises require land and all too frequently pay through the nose for it.

And now we have land flowing back in chunks to the government from whence it came. What should the government do with this land? What would you do with it? You'd hang onto it until the opportunity came along to use it profitably—indeed, you would intend to use it profitably and plan to that end. So should the government.

Such profitable uses may be private or public. If public, the community may save tremendous amounts in the cost of acquiring land. If private, the community may either sell or lease the land.

Municipal governments in this country during the next few years should take advantage of this unique situation. An intelligent land policy should be adopted, with a view to making the most profitable public uses of the real estate that is coming back into their hands. An opportunity exists here that may never again be duplicated on so large a scale.

The third phase of the problem is how to prevent a recurrence of this experience in the future. While it is intelligent public policy to make the best of a bad situation, it is equally or more important to plan ways and means of avoiding similar trouble. The way apparently lies in the direction of rigid subdivision control combined with thorough-going state supervision of local finance with emphasis on control of indebtedness.

Economy in Public Reporting

SUBSTANTIAL economies have been made in local government during the past few years, some of them constructive, others destructive. One of the most unfortunate from the standpoint of the public as well as of the student of governmental operations has been economy effected at the expense of adequate public reporting.

Such economy is readily understandable. Printing is not one of our least costly arts. And a public official who says, "Oh, let's not spend the money to print that; let's use it for something constructive—the public won't read it anyhow," is simply voicing a sentiment with which many will agree.

That this is "chasing the devil around the stump" is fairly obvious. The effects of such a policy may have more serious implications, however. It is in a depression period that public interest in governmental questions rises. The official should be ready with information to satisfy this demand instead of discouraging it. To be deplored also is the breaking of the record's continuity. Our reporting of governmental activity is not so adequate but what interruption of publication in many instances may leave a serious gap in available knowledge. Witness the census bureau's discontinuance of the publication of statistics on state finances and curtailment of city statistics.

One of the first budgetary replacements this fiscal year and next in all government—federal, state and local—should be appropriations for adequately informing the public as to the operations of government.

Homestead Exemption for Nebraska?

Recent survey forecasts great loss of revenue not easily replaced by other forms of taxation if homestead exemption adopted

A. W. GORDON *President, Omaha Loan and Building Association*

THERE are forty-eight states in this country of ours, each with its individual problems; some with a tremendous bonded indebtedness; a very few, like Nebraska, with none. Some have material sources of revenue denied to others, such as severance taxes on iron ore in Minnesota or crude oil in oil producing states, or taxes upon minerals in mining states. Other states, such as New York and Massachusetts, may with safety rely upon considerable revenue from an income tax. Other examples could be given of favorable revenue sources, but a moment's consideration must indicate that both as to sources of revenue as well as expenditures each state remains a problem of its own.

Yet it has become a prevalent custom for national organizations to adopt certain specific tax recommendations favorable to their own particular interests, promote them as sure tax relievers, and urge them as being applicable to every state in the union, without giving the slightest thought as to whether or not such adoptions are practical, feasible, or justifiable.

One would hardly expect, if there were forty-eight patients in a hospital all suffering from a variety of ailments, that those attempting to effect a cure would prescribe the same operation. Yet this is exactly what is urged by certain amendments proposed as suitable for the tax systems of the forty-eight different states.

Prominent among these remedies are tax limitation and its bosom companion, homestead exemption. These two proposals have much in common, for each has its origin in the same thought, each will have many effects in common, the chief difference between them being their sponsorship.

The main reason for agitation of homestead exemption and tax limitation is the wide-spread belief that real estate is bearing a much larger percentage of the cost of government than it actually is, and, therefore, that a large part of the property tax is essentially unfair, and that new forms of taxation will be used to reduce the general property levies.

Some tax-spending agencies themselves are largely responsible for the erroneous impressions concerning the proportion of cost of government that real estate is actually bearing.

It is a common error to use the percentage of the ad valorem tax which real estate pays as being the percentage of the total cost of government which real estate is supposed to bear. This percentage is then used as an argument for new and supplementary forms of revenue for the theoretical purpose of "equalizing" the tax burden. In Nebraska the percentage commonly used is 78; the actual figure is 45 or less.[1]

And so in many states new forms of taxation were adopted, taxpayers' associations and tax-spending agencies joining hands in urging the adoption, but actuated by entirely different motives. The tax-spending agencies desired the new forms of revenue for broadening the scope of their activities, while the general property owner urged the adoption under the belief that the new revenue was to be used as a replacement or reduction tax. Each group advanced the new forms as a means of "equalizing" the tax burden. To the ordinary taxpayer, however, equalization meant reduction. It never occurred to him that taxes could be equalized by having the property tax go up while other taxes went up faster.

When the disillusioned taxpayer discovered that equalization did not mean reduction, it became a comparatively easy matter to capitalize his resentment, and by means of the ballot have him endeavor to obtain, by constitutional exemption or tax limitation or other proposals, the relief from the burden which he had been led to believe was grossly unfair.

A casual glance at the exemption proposals of different states shows, however, that there are almost as many different varieties of exemptions as there are of the far famed pickles, and this again tends to create a confusion in the discussion of the effects of exemption.

That urged in Nebraska was for an exemption up to $5,000 valuation of all ad valorem levies—city, state, county, and school. Yet the experiences of other states, where the exemption merely prohibits an ad valorem tax for state purposes, were quoted as examples of its practicability. It was further advanced as a method of encouraging home ownership—an object most praiseworthy, but the remedy a very doubtful experiment.

It is doubtful if the sponsors of homestead exemption appreciate the result of such sweeping exemptions upon local government.

In the state of Nebraska, the variation of levies of the 93 different county seats ranges from a low of 16.2 mills, to a high of 62.8 mills. It is apparent, therefore, that upon the same valuation, the home owner with a high levy receives four times the benefit received by the home owner with the low levy. It is, of course, universally recognized that the levies upon farms are invariably lower than the levies within municipalities, so the owner of a farm homestead would receive much less benefit than the owner of a city homestead. This, of course, is somewhat mitigated by the fact that the average farm homestead has a higher value than the average city homestead. Thus the homestead exemption creates inequalities not only between home owners in different communities, but between the homesteads in municipalities as a whole as compared with farm homesteads.

The difference in levies is, however, not due merely to difference in expenditure. In many localities it is due to the difference in assessment values. In some communities values are purposely kept low while levies run high, thus keeping bond issues down, and incidentally lessening the dollars-and-cents contribution to the state ad valorem levy. The inequalities between home owners in these communities, therefore, would be measured more by the whims of the assessor than by the difference in the levies.

---

[1] The publication of the Bureau of the Census, entitled "Financial Statistics of State and Local Government, 1932, Nebraska," shows in detail the expenditures of Nebraska and all of its political sub-divisions in 1932, totalling $88,401,753. The State Tax Commissioner's report on Nebraska for 1932 shows the general property tax levied to be $46,636,270, and states that 78.31 per cent of this amount, or $36,320,000, was levied against real estate. Adding to this amount $3,419,503 paid in on special assessments, the total of $39,739,503 is obtained as the amount of revenue derived solely from real estate. This figure approximates 45 per cent of the total expenditures of $88,401,753.

Now for the tax-spending agencies. Many new problems will be created, for a strict homestead amendment offers no leeway or elasticity. It is absolute in its effect. A certain specific amount is absolutely removed from the tax rolls, and this amount varies materially in different communities.

For instance, in Nebraska, according to the 1930 census one county would have 63 per cent of its assessed real estate valuation removed from its tax roll, while another one would have 40 per cent. If we give weight to the argument that low taxes encourage home ownership, it would seem reasonable to assume that the county where 63 per cent of the property would be removed already had low taxes, and the county where 40 per cent would be removed had high taxes. Therefore, the county with the low tax would lose 63 per cent of its income from real estate, while the high county would lose only 40 per cent, whereas necessity and common sense would suggest that if any change were to be made, it would be exactly the other way around.

Furthermore, the reduction in tax income would not be based upon the needs or efficiency of the tax-spending agencies, but merely upon that percentage of their income which they received from homesteads. Inasmuch as the income of different tax-spending agencies in the same community is received from widely varying sources, it would deprive the tax-spending agencies in the same community in entirely different percentages, irrespective of the priority of their needs, the importance of their functions, or their powers to supplement their income from other sources.

In Nebraska, for instance, the source of revenue for the schools is restricted to the general property tax with the limit set by the legislature, and a constitutional provision which assigns them the license fees. Unlike city councils with home rule charters, the power to tap new sources of revenue is not inherent in our school boards. It naturally follows, therefore, that the percentage of revenue removed from the school districts would be greater than that from the cities, while the power to replace is greater with the cities than it is with the schools.

HOMESTEAD EXEMPTION SURVEY

An actual survey,[2] conducted in the most painstaking manner, of Grand Island, the third largest city in Nebraska, and Fremont, the fourth largest city, gave interesting as well as exact results. It showed, for instance, that in Fremont there would be only five homes assessed at over $5,000 valuation and in Grand Island fifteen. But more interesting, it was found that in Fremont the decrease on all ad valorem revenues would be 35.7 per cent, on city funds alone 36.7 per cent, on school funds 36.2 per cent; while in Grand Island all ad valorem revenues would be reduced 34.7 per cent, city funds 33.8 per cent, school funds 48.7 per cent. A third survey, that of the city of Columbus, showed 38.9 per cent decrease in general ad valorem income with school funds being hit for 58 per cent.

These large percentages indicate very clearly that replacement taxes must be provided if homestead exemption or limitation is to be adopted, and this is the crux of the entire situation, for the proponents of either limitation or exemption assume that there are and will be made available alternative sources of revenue, entirely overlooking the difficulty of passing back to the different tax-spending agencies an amount in proportion to the amount removed, irrespective of whether or not such revenue may be available in the first place.

---

[2] See report on survey at end of this article.

Professor H. A. Simpson, addressing the Governmental Research Association at a recent meeting in Ann Arbor, said: "One of the realities is the fact that in many states powerful groups who escape any heavy share of the general property tax, but who would be subject to substantial income and inheritance and other types of taxation . . . are sufficiently powerful to block every proposal for genuine reform of the property tax, and for the development of alternative forms of revenue."

Professor Simpson, as well as other well informed advocates of tax limitation or homestead exemption, do not advocate these measures as a genuine property tax reform, but merely as an "effective instrument for the development of alternative forms of revenue," but the realities of the situation demand recognition of the fact that an abolishment of present income may be accomplished without there being made available alternative forms of revenue in sufficient volume to affect an adequate replacement.

The program of replacement must go hand in hand with exemption or limitation in order that the essential tax-spending agencies shall not be left to starve on a desert island. It is not enough to assume other sources of taxation are available. They must *be* available, not only simultaneously, but even more important, permanently.

In Nebraska the homestead exemption such as proposed would have removed approximately 30 per cent from the total assessment rolls of the state. Because most of the exemptions would have come in high levy districts, it was estimated it would have removed approximately 40 per cent of the ad valorem tax, approximately $17,000,000—this in addition to the decrease of 33⅓ per cent, from $66,000,000 to $43,000,000, in ad valorem taxes in the last eight years.

Turning now to the alternative forms of revenue. First, a state income tax: In many states this is already limited by the fact that the revenue is already used. In view of the increased rates on this source by the federal government, it must be recognized that a material increase for state purposes is somewhat dubious.

OTHER REVENUES

Nebraska has no income tax. The highest revenue ever collected by the federal government in that state during the war prosperity and during the time of the excess profits tax was about $7,500,000, the low point in the depression, $2,300,000. The returns for the last fiscal year available were $4,000,000. The average amount of income produced by state income taxes as compared with the federal is about 20 per cent. Assuming a very high state income tax, a million and a half, less the cost of administration, might be available.

A general sales tax of 3 per cent indicates a possible revenue of $6,000,000. Income and sales taxes together would produce at the most about half of what the homestead exemption would remove. But the very ability of the sales tax to raise large sums of revenue from the people as a whole carries with it defeat of the purpose which it aims to accomplish, because people don't vote to tax themselves; they vote to tax other people. The result upon the sales tax in those states where this issue has been carried to the polls is proof positive that a sales tax cannot be considered a permanent source of revenue.

Public opinion might accept and sustain a new or additional form of revenue, such as the sales tax, under the stress of a state-wide emergency, or for the purpose of replacing a state ad valorem tax. This at least would have the merit of benefiting all general property taxpayers proportionately, while the same tax might be defeated if promoted for the purpose of replacing revenue removed by homestead exemption or tax limitation, for the benefits in this case would not be proportionate.

It is hard to justify a tax upon the necessities of life of citizens in a community which has kept its expenditures down to a 16- or 17-mill levy in order to give relief and lighten the tax burden for those citizens who have asked for and built themselves up to a 50- or 60-mill levy. One community will have a new tax without the benefits, while another will have the benefits without the old tax.

While in some cases the incidence of the property tax is such as to prevent the increase of levies where additional funds are needed, it is also true that it has been a great influence in preventing unwise expenditures.

If revenues are to be derived from so-called painless taxes, it is very easy to surmise the possibility of golf links, tennis courts, swimming pools, auditoriums, community centers, etc., which, paid for indirectly, unknowingly affect the taxpayer's income until his general standard of living is materially lowered. It is not beyond the realm of possibility to have unessential functions of government thrive at the expense of the most important.

Assuming the general property tax as now administered to be as imperfect as the proponents of homestead exemption and tax limitation claim, it should be a comparatively simple matter for them to provide a better plan of replacement revenue as well as the mechanism necessary to distribute the tax back to the several thousand tax-spending agencies. Unless this is done, the arguments for exemption and limitation fall of their own weight, and the thoughtful citizen who is interested in maintaining adequately the essential functions of government should consider whether or not the proposals advanced are in reality instruments of general property tax reform, or whether they represent merely a desire to achieve tax preference irrespective of results.

Editor's Note.—Address delivered at the annual Conference on Government of the National Municipal League, Toledo, November 17, 1936.

APPENDIX

DETERMINATION OF LOSS OF REVENUE UNDER HOMESTEAD EXEMPTION

An actual survey was made to determine the boundaries of the business district. The property inside this district was excluded from any computations.

A survey was then made of the 1935 assessed valuation as shown by the assessor's books. From these books a detailed analysis was made by class valuation, that is up to $1000, from $1000 to $2000, etc. In Fremont the exact assessed valuation was used in each case. In Grand Island the average assessed valuation was used, that is, a building assessed at $1250 or $1500 was placed in the $1000 to $2000 class.

The legal description of the various properties was then checked against the city directory for street addresses. The city directory was also used to determine whether renter or home owner occupied the property. This was again checked back against the assessor's books and the amount of rented or business property was deducted. The balance was taken as the amount of property that would be affected by homestead exemption.

The work was painstakingly done. Any leeway in the method of checking would undoubtedly result in a greater proportion of exemption than shown because the experience of other states having homestead exemption shows a tendency to claim business property as a homestead if one or two rooms are even temporarily occupied. In making the analysis submitted apartment houses were thrown out even if one apartment was occupied by the owner. In other words the minimum amount of exemption under the homestead exemption proposal is shown in the figures.

Grand Island was surveyed first and some of the experiences in obtaining the Grand Island survey led to a more exact method for Fremont. Yet it will be noted that the exact average of tax-exempt homes under $1000 in Fremont is $606; the average in Grand Island $600. The exact value of homes of $1000 to $2000 averaged $1467 in Fremont, while the average of $1500 was used at Grand Island. In Fremont $2472 was the exact figure in the $2000 to $3000 class; $2500 the average figure at Grand Island.

TABLE 1
FREMONT, NEBRASKA
EFFECT OF PROPOSED $5000 HOMESTEAD EXEMPTION

	Assessed Value						
	To $1000	$1001- $2000	$2001- $3000	$3001- $4000	$4001- $5000	Over $5000	Total
Number of buildings	1037	1210	338	84	28	15	* 2712
Rental and business	402	383	93	17	8	10	* 913
Homesteads	635	827	245	67	20	5	* 1799
Average exempt value	$606	$1467	$2472	$3279	$4228	$5000	$1448
Total exempt value	$384,744	$1,214,606	$605,560	$219,655	$84,555	$25,000	$2,534,130

1935 total assessed value	$8,046,240
Assessed value of property exempt under proposed amendment	2,534,130
Remaining assessed value available for taxation	$5,512,110

*Excludes central business district

TABLE 2
FREMONT, NEBRASKA
EFFECT OF PROPOSED $5000 HOMESTEAD EXEMPTION

A. On All Ad Valorem Revenues

Value available for taxation under proposed amendment (table 1)		$5,512,110
1935 Mill levy		42.5
Other than bonds	37.5	
Bonds and interest	5.0	
Maximum ad valorem tax revenues		$ 234,264
Estimated 1935-36 collections—per cent		84.5
Probable 1935-36 ad valorem tax revenue under proposed amendment (.845 x $234,264)		$ 197,953
Mill levy for debt service		5.0
Dollar levy for debt service (.005 x $8,046,240 x .845)		$ 33,995
Remaining, under proposed amendment, for all other expenses ($197,953—$33,995)		$ 163,958
Available under present conditions (.0375 x $8,046,240 x .845)		$ 254,966
Per cent decrease under proposed amendment		35.7

B. On City Funds

Value available for taxation under proposed amendment (table 1)		$5,512,110
1935 Mill levy (city)		14.1
Other than bonds	12.1	
Bonds and interest	2.0	
Maximum ad valorem tax revenues		$ 77,721
Estimated 1935-36 collections—per cent		84.5

Probable 1935-36 ad valorem tax revenue under proposed amendment (.845 x $77,721)		$ 65,674
Mill levy for debt service		2.0
Dollar levy for debt service (.002 x $8,046,240 x .845)		$ 13,598
Remaining, under proposed amendment, for all other expenses ($65,674—$13,598)		$ 52,076
Available under present conditions (.0121 x $8,046,240 x .845)		$ 82,269
Per cent decrease under proposed amendment		36.7

C. On School Funds

Value available for taxation under proposed amendment (table 1)		$5,512,110
1935 Mill levy (school)		23.0
Other than bonds	20.0	
Bonds and interest	3.0	
Maximum ad valorem tax revenues		$ 126,779
Estimated 1935-36 collection—per cent		84.5
Probable 1935-36 ad valorem tax revenue under proposed amendment (.845 x $126,779)		$ 107,128
Mill levy for debt service		3.0
Dollar levy for debt service (.003 x $8,046,240 x .845)		$ 20.397
Remaining under proposed amendment, for all other expenses ($107,128—$20,397)		$ 86,731
Available under present conditions (.02 x $8,046,240 x .845)		$ 135,981
Per cent decrease under proposed amendment		36.2

TABLE 3
GRAND ISLAND, NEBRASKA
EFFECT OF PROPOSED $5000 HOMESTEAD EXEMPTION

	Assessed Value						
	To $1000	$1001 $2000	$2001 $3000	$3001 $4000	$4001 $5000	Over $5000	Total
Number of buildings	1463	1599	499	152	59	66	* 3838
Rental and business	547	335	100	56	27	51	* 1116
Homesteads	916	1264	399	96	32	15	* 2722
Average exempt value	$600	$1500	$2500	$3500	$4500	$5000	$1468
Total exempt value	$549,600	$1,896,000	$995,500	$336,000	$144,000	$75,000	$3,996,000

1935 total assessed value	$12,772,557
Assessed value of property exempt under proposed amendment	3,996,100
Remaining assessed value available for taxation	$ 8,776,457

*Excludes central business district

TABLE 4
GRAND ISLAND, NEBRASKA
EFFECT OF PROPOSED $5000 HOMESTEAD EXEMPTION

A. On All Ad Valorem Revenues

Value available for taxation under proposed amendment (table 3)		$8,776,457
1935 Mill levy		41.42
Other than bonds	37.39	
Bonds and interest	4.03	
Maximum ad valorem tax revenues (.04142 x $8,776,457)		$ 363,521
*Estimate of 1935-36 collections—per cent		84.53
Probable 1935-36 ad valorem tax revenue under proposed amendment (.8453 x $363,521)		$ 307,284
Mill levy for debt service		4.03
Dollar levy for debt service (.00403 x $12,772,557 x .8453)		$ 43,510
Remaining for all other expenses under proposed amendment ($307,284—$43,510)		$ 263,774
Available under present conditions (.03739 x $12,772,557 x .8453)		$ 403,687
Per cent decrease under proposed amendment		34.7

B. On City Funds

Value available for taxation under proposed amendment (table 3)		$8,776,457
1935 City mill levy		14.5
Other than bonds	13.41	
Bonds and interest	1.09	
Maximum ad valorem city tax revenue (.0145 x $8,776,457)		$ 127,259
*Estimate of 1935-36 collections—per cent		84.53
Probable 1935-36 ad valorem tax revenue under proposed amendment (.8453 x $127,259)		$ 107,572

(Continued on Page 718)

Police Organization and Administration

Wichita's police director lists requisites for efficient police department

O. W. WILSON

Chief of Police, Wichita, Kansas

THE most important function of government is the protection of the lives and property of its citizens. The regulation of the moral conduct of individuals, or of conduct which does not directly endanger lives and property, is a secondary function. It falls to the lot of the police department to perform both duties, and in order to do so, it must be properly organized, it must be built on a solid foundation, and its administration must be intelligent.

A worn-out machine of defective parts cannot be overhauled to be made as good as new. A police department cannot be reorganized over night into an efficient, crime-fighting machine. A defective machine cannot function efficiently, regardless of the skill of the operator.

To perform its difficult and important functions efficiently and well, a police department must be built from the ground up. Four principles must be adhered to in its construction; failure to do so will make the application of sound administrative principles impossible.

I. *Selection of Personnel.* The most important rule of all is to select the best men available for the service. The quality of the men who will seek enlistment will be determined more by the prestige of the service than by the remuneration offered. Good men are available, and their selection from the group of candidates is made relatively simple by means of scientific devices which have been used many years in the recruitment of policemen.

They should have a high school education, or its equivalent. They should be grade A men as measured by the Army Alpha intelligence test. They should stand five feet, ten inches, and weigh 160 pounds in proportion; they should be able to pass a rigorous physical examination. Their character, their home life, their associates, all should be carefully investigated. Personal interviews should be held with former employers and associates. Their home should be visited and the wife or parents interviewed.

A careful search should be made for any emotional instability. The services of a skilled psychiatrist should be enlisted, if possible. Personal interviews should be held with the candidate by selected police officials, with a view to detecting undesirable personality traits, emotional weaknesses, lack of ability in expression, poor appearance, weak physique, lack of poise and bearing.

Failure of police departments to apply scientific principles in the selection of personnel is accounted for by political influence; civil service; ignorance of procedure; indifference, resulting when the chief executive has an unprofessional attitude, or when there is no time and energy left for application of sound administrative principles because it is all devoted to fighting an uneven, uphill battle with criminals, politicians, judges, newspapers, prosecutors, and reformers.

Slipshod methods of recruitment are an invitation to the politicians. Scientific selection provides the best possible shield from the influence of the politician who would use the police force for patronage. High standards are favored by the public and serve as an impossible hurdle for the incompetent who has influential backing. The inability of the candidate to pass a rather simple examination is not a point his political supporter is anxious to have publicly discussed; both the candidate and his backer usually drop the matter following such a failure.

Civil service properly administered could assist the police in the selection of a superior personnel. It has failed to do so. In order to apply this most important principle of recruiting only the best, the police have no recourse but to make their own selection from the candidates offered by civil service, when this procedure is possible. Even in cases where it is not, a resourceful police executive has the choice of removal during probation. When such wasteful and inefficient practices must be used to obtain the best possible personnel, it is time to re-mold the civil service procedure in order that it may serve as an aid, instead of a stumbling block.

II. *Training*. The police personnel should be subjected to a continuous training program. As a recruit the policeman should receive intensive instruction over a period of at least two months before being given an assignment. This should be followed by a continuation training. Specialized instruction should be provided for those officers interested in special fields, such as public speaking, personal identification, fingerprint classification, laboratory work, and police photography. Regular training should be provided in the gymnasium and on the target range. Officers should obtain first aid certificates, and special instruction should be made available for those desiring to qualify as life-savers. They should all be required to swim fifty yards, and training provided for those who cannot. Weekly personnel meetings and regular conferences of the superior officers should be held in which the policies and procedures of the department are outlined, emergency situations arranged for, and particular problems discussed. Where possible, advanced training in the form of police science courses at a university should be made available.

Progress in police training has been slow because it has been left to the responsibility of individual departments. Too frequently short-sighted politicians have prevented the organization of training programs, or have forced their discontinuance on grounds of expense, failing to recognize the long-range economy resulting from increasing the efficiency of a service to which 85 per cent of the police budget is charged.

COLLEGE STUDENTS AS POLICE

In recent years, other organizations have come to the assistance of the police-training program by providing short-course police schools, both general and specialized, and zone schools. Colleges and universities are beginning to accept some responsibility in this field, and their interest gives some promise of the early development of (1) pre-employment police training for young men who wish to enter the police service; (2) specialized police training in graduate classes for those officers already in the service who desire intensive training in some special branch of the work.

In Wichita we are completing the second year of a cadet system of recruitment and training which is proving very satisfactory. Under this plan students of Wichita University (municipal) are recruited for the police department. Cadets must be at least twenty-one years of age and of junior standing.

They are uniformed and work as patrolmen on a four-hour shift rather than the eight-hour shift of the regular force. They are given intensive recruit training before they go on the street and throughout the last two years of college take special courses designed to prepare them for police work. At present twenty hours of police science are offered by the university, all taught by police officers with the exception of criminal law and evidence which are given by lawyers. In addition, the recruit must take twenty-seven hours of required subjects including such studies as public speaking, psychology, government, and public finance. When the recruit graduates from the university, having fulfilled the requirements of the police department, he is appointed a regular officer. So far we have been able to absorb all graduates with this training, but the state highway patrol stands ready to absorb any surplus. Since the inauguration of this system we have taken only two men into the police department who were not college graduates and these because of their particular qualifications.

III. *Equipment*. Every modern police department must be provided with equipment necessary to meet the demands of this mechanized age. Departments in cities under one hundred thousand population should, as a rule, be completely motorized. [In Wichita only three patrolmen are on foot.] The department lacking radio communication is hopelessly obsolete. Two-way radio communication is almost an essential.

The police department should avail itself of other modern devices that have proved their worth. In our department, for instance, we make constant use of the lie detector. We have one man on the job all the time—his sole task is to operate the detector. When he is not kept busy with subjects turned over to him by the detectives, he works on vagrants. The results have been remarkable; in one or two instances he has even discovered crimes before they had been reported to the police.

HABITABLE QUARTERS NECESSARY

Adequate headquarters facilities must be provided. Public opinion will be definitely influenced by the appearance of police headquarters. A police department housed in an ill-smelling, dark and musty basement, receiving the public in offices not fit for human habitation, cannot hope to be held in high esteem. The public will judge the department by the quarters it maintains, and quite rightly so because the morale of the men is tremendously influenced by their surroundings.

Office space and office equipment are imperative. Most police departments lack adequate office space to properly carry on their routine business. Detectives, crowded into cramped quarters, with limited facilities for private interviews, work in bedlam. Space for necessary records is all too frequently not available. Police quarters are generally so crowded as to make efficient work impossible. The resulting inefficiency is aggravated by limited office equipment. Police typewriters are usually worn out and seldom are there enough to fill the need. Record cabinets, mimeographing equipment, and dictating machines are usually difficult to obtain.

The situation is even more aggravated in the case of laboratory equipment. Devices for detecting deception, cameras, dark room and developing equipment, microscopes, etc., are essential to the proper operation of a good police department.

IV. *Organization*. A police department must be properly organized. The personnel should be distributed into functional units on the basis of the need for service. There should be a division of the police job among these units, with a definite responsibility placed on each. There must be no placing of responsibility without the delegation of the necessary authority. The separate units or divisions should be carefully coordinated into a coherent whole. The duties of each officer and each rank must be clearly defined, and a definite relationship established between each. An integration must be made of all of the component parts within a unit, both horizontally and vertically. There should be a specialization within each unit so far as specialization is practical.

The patrol strength should be divided into shifts of a size in proportion to the demands for service. The factors of complaints, property loss and arrests will serve as a guide for the division of the police patrol into shifts. The number of accidents will serve as a guide for the distribution of the traffic patrol. Each platoon must then be distributed among beats, always on the basis of the need for police service. In the case of traffic the need is measured by the amount of congestion and the number of accidents—in the case of traffic patrol, on the basis of the number of accidents. The police patrol beats are organized on the basis of such factors as the amount of crime, the number of arrests, the time spent in routine duty, the number of felons in residence, and the total number of complaints.

Machinery for proper supervision and control must be created and set in motion. An adequate system of follow-up must be established in order to assure the attention to the most minor complaints that the complainant feels is due; to him a trivial complaint, at the time he makes it, is the most important thing in the world, and the police must accept it on that basis.

DIRECTION AND CONTROL

With a properly developed police organization at hand, there are some principles the executive must bear in mind if he is to have it successfully discharge its duties. While the first of these may appear beyond the control of the police executive in some communities, his success will be determined by his ability to overcome obstacles to the proper application of the principles involved.

I. *Control of Personnel.* The executive head of the department, who should be held responsible for its successful operation, must have the necessary authority to properly discharge this function. Public administrators too frequently forget that responsibility cannot be placed without delegating authority. The most important authority which the police executive must have is authority over his men. He must have the power to hire and to fire, to promote and to demote, to assign and to discipline, if he is to discharge his responsibility most efficiently.

Civil service which robs him of this authority, either in the selection of the best man for the job, his promotion and his assignment, or the demotion or dismissal from service of the incompetent, interferes with the most efficient operation of the police department.

II. *Measures of Efficiency.* The administrative head must have some means of determining the progress of the department as a whole, the efficiency of individual divisions, and the value of each integral unit. The crime rate, the accident rate, the property loss, will give him information of value for the department as a whole. But equally important are activity records which will measure the accomplishments of individual men. The use of such records gives credit to whom it is due, stimulates activity through competition, and generally increases the efficiency of the force. Good work must be commended and notice taken of each dereliction of duty.

III. *Morale and Esprit de Corps.* Pride in the organization must be stimulated; the self-respect and self-esteem of the men must be established; the morale of the organization must be watched, and *esprit de corps* must be built.

IV. *A Proper Police Attitude.* The police personnel must be imbued with a desire to serve. They should recognize their responsibility to their community. There must be developed within them a proper attitude based on a proper concept of the police functions, and a proper understanding of the employer-employee relationship existing between themselves and the public.

Police officers must be brought to understand that the public attitude may be molded and built by the police themselves. They should understand that it is their duty to create in the public a proper attitude. The causal relationship between police attitudes and public attitudes should be clearly understood. They should be conversant with devices which assist in building proper attitudes. They must be practical psychologists enough to know how to keep from hurting people's feelings unnecessarily, how to avoid building resentment against the department, and how to make friends through public contacts.

V. *Public Relations.* Careful attention must be paid to the subject of public relations. The police officers individually should understand that their welfare depends largely on the attitude of the public; that the attitude of the public will determine their working conditions, as well as the amount of support and coöperation they may expect from the public. Their attitude will determine the readiness with which the public will comply with regulations. The frame of mind of the citizen at large will make the policeman's job an easy one or a difficult one. If the police wish the public to be law observant, if they expect support in law enforcement, if they desire easy convictions, if they want coöperation and assistance in their enforcement program, they must give strict attention to public attitude.

NEWCOMERS VISITED

Strict attention should be paid to the personal contacts made by the department. With a motorized patrol, a police department is in some danger of losing the advantages of its "eye and its ears," as the foot patrolmen were so aptly called. Consequently, it is desirable that certain routine procedures be developed, which will, in a sense, force the officer to make contacts which he would otherwise avoid. One way in which we have done this in Wichita is to make it part of the officer's job to become acquainted with every newcomer on his beat. Once a week we receive a list from the Chamber of Commerce of all newcomers to the city (derived chiefly from the records of public utilities). We check this to see whether any on the list has a police record, then turn the names over to the officers who police the districts in which the new arrivals have become resident. The officer calls during the evening and presents a booklet upon which he has written the name of the new resident and also his own. The leaflet welcomes the newcomer to the city, explains the operation of the police department, and tells the householder how he can coöperate with the department—informs him, for example, of local regulations such as traffic ordinances. The officer also attends to such details as the registration of numbers of fire-arms. This initial visit offering his services establishes a valuable contact between the representative of the police department and the citizen.

The preparation of store reports will bring the officer in personal contact on good grounds with the merchant. The merchant provides information in these relative to locks, window fastenings, entrances, lighting, alarm systems, and other protective devices—information which will help the officer to protect the premises more intelligently.

POLICE PUBLICATIONS

Another contact with the merchant comes through the issuance of *Hue and Cry,* a weekly sheet which contains news items relative to counterfeiting, theft, shoplifting, bad checks, and various frauds. These are distributed free of charge and keep the storekeeper and others on guard against becoming victimized in ways similar to those reported in the little newspaper and also on the alert to apprehend law-breakers who have not yet been caught.

Copies of the *Buzzer,* a larger mimeographed publication which is prepared monthly and which is the official organ of the police department, containing items on public safety, fire prevention, accomplishments of the police department, and personal items about members of the department staff, are also distributed widely. Still another point of contact with the public is made through *Safety Siftings,* a pamphlet which is distributed monthly to all intermediary school pupils.

Most of these contacts would not be made if the executive relied solely on the initiative of the officer. By making the task a matter of routine duty, there is assurance that these contacts will be successfully made.

The police must keep the public informed of their policies and procedures. They must take the public into their confidence and invite their assistance. The police department should report its activities to the public just as carefully and completely as any other organization would report to its stockholders.

VI. *Enforcement of Regulatory Measures.* While the distribution of personnel must be carefully made according to the need for police service, the force must be kept sufficiently mobile for action in emergencies. The police must be placed where the criminal is operating. The same principle of concentration applies in the enforcement of criminal laws, as in the case of less important regulations. Enforcement must be selective both as to the criminal law and as to the regulatory ordinances. Police strength must be concentrated at the time and place needed.

But the enforcement power must not only be applied efficiently and expertly, where it may provide the greatest return for energy expended, it must be applied judiciously, with the conscious knowledge that it has become necessary because the police have failed in obtaining compliance without force. Threats of punishment and actual punitive action fail to intimidate the American public. People will not be coerced into being good. They will not comply with regulations because of fear of punishment.

The police should recognize that permanent results in regulations may be obtained only through developing in the public a desire to comply. A proper public attitude will do more to promote compliance than the most relentless police pressure.

VII. *Crime Prevention.* The fact that 2.5 per cent of school youngsters are problem children, that 92 per cent of these are certain to be delinquent, and that 88 per cent of the delinquents will become criminals of which 80 per cent will lead habitually anti-social lives, indicates where attention must be focused if it is to be productive of any real

(Continued on Page 713)

The Apportionment of State Relief Funds[1]

Painstaking research needed in order to evolve a formula for more equitable distribution of grants-in-aid to local governments

L. LÁSZLÓ ECKER-R. *Municipal Finance Analyst, Works Progress Administration*

SOME twelve months ago federal grants to states for general relief purposes were discontinued and the works program for employables substituted. Since then the responsibility of providing for those needy not employed on work programs has devolved upon state and local units of government. The state governments, to be sure, would have preferred to carry this partial demobilization of emergency paraphernalia one stage further and withdraw their assistance as well, shifting the responsibility to their political subdivisions; returning it to where it had rested for some two hundred years prior to the recent depression. Their intentions, however, remained unrealized, for cities, towns, and counties were in large part unable to finance all of the remaining relief burden; hence the necessity for state aid, which prompts this limited inquiry into its more troublesome features.

State aid, needless to say, is no new device in American fiscal annals. Its history in the field of education dates from colonial times; Virginia and Connecticut granted such assistance as early as the middle of the seventeenth century. State aid for relief, however, is distinctly new, but despite its youth is rapidly acquiring quantitative importance. This is not to imply that the growth of state aid is likely to be restricted to relief. On the contrary, the continued demands upon local units of government for additional services, coupled with the inflexible and limited character of local sources of revenue, make the steady growth of state assistance to lesser units inevitable.

In some states financial assistance to local governmental units has already acquired significant proportions. In California, for example, such aid consumed $92,000,000 of the state's 1934 annual income—almost $15,000,000 more than the state itself disbursed. During the fiscal year just ended, the state of New York apportioned among its political subdivisions $137,000,000 in state aid, in addition to $36,000,000 from the proceeds of state relief bonds and $61,000,000 on account of state-collected locally-shared taxes; this is a total of $234,000,000, in comparison with the considerably smaller sum of $153,000,000 expended for exclusively state functions. In citing these figures it is not intended to suggest that states themselves should spend more or that local units should be given less, but rather that in view of their quantitative importance, grants-in-aid merit serious attention. When grants-in-aid assume a dominant position in the income structure of governmental units they have it within their power to influence, and in fact to dominate, the scope and quality of public administration.

---

[1] The term "relief" as here employed applies to state and local activities in the field of general relief. It thus excludes the care of those provided for under federal work programs as well as those assisted by normal state and local welfare appropriations.

The case for grants-in-aid rests on a firm and well established foundation. It follows as a corollary and as an inescapable consequence of the state's practice of prescribing the sources of local revenue and frequently of limiting the rates of local taxation as well as the scope of the local borrowing, and at the same time calling for the performance of certain revenue-consuming local services. In essence, the upper level of government acquires a vested interest in the proper performance of local governmental functions, such as education, roads, health, and welfare, which are state-wide, and, indeed, nation-wide in their benefits.

STATE MUST SUPPLEMENT LOCAL RESOURCES

Accordingly, it devolves upon the state to compensate for the discrepancy between the cost of performing these state-required local services and the proceeds of these state-restricted local resources. Going a step further, it could also be maintained that even if neither of these conditions existed, i.e., state-imposed limits upon local revenues and state-required revenue-consuming local services, the state would still have an obligation to supplement local resources. That responsibility would follow as a consequence of the nature of our economic system which concentrates the taxable bases, wealth, income and business activity, in relatively few taxing jurisdictions without regard to their origin; concentrates it in areas beyond the reach of the parental communities.

Grants-in-aid do not, of course, represent the only means whereby this obligation of the state could be discharged. The state may conceivably perform some of these governmental functions itself with or without the financial participation of its political subdivisions. It may, as in fact it has done on occasion, take over the administration of public schools, highways, and selected categories of welfare. Or it may, as it has also done at times, divide among its political subdivisions on some such basis as origin, the proceeds of selected state-collected taxes. The former of the alternatives begs the question of the desirability of local performance of certain governmental functions, while the latter fails in the task of equalizing local requirements and local resources. We are here in need of an instrument which will recognize that certain services, such as relief, can best be administered locally. It must at the same time be so designed as to meet the two problems which follow central collection of taxes and local administration of services: (1) the tendency to waste when spending other people's money; and (2) the probability that revenues, except by coincidence, will not match expenditures. The first calls for some degree of state control of local expenditures; the second, for state equalization of local resources. These, as well as other conditions not here specified, can be satisfied only by the grant-in-aid device.

The present paper is concerned primarily with the second of the above specifications; problems of expenditure control will generally be ignored. We are dealing here with the task of equalization and only with those aspects of that task which arise in connection with regular and periodically recurring grants, as distinct from non-recurring or temporary grants. All those conversant with the problem are now unanimous in their opinion that relief is a permanent requirement; at least one which will call for regularly recurring expenditures for years to come.

The process of delimitation must, however, be carried one stage further.

The choice lies between the matching grant, intended to stimulate local activity, and the equalization grant designed to compensate for local variations in need and local variations in ability. The two, doubtless, merge into one another but retain nevertheless their individual limitations. It would be futile to attempt to equalize with a fund which is small in comparison to existing intergovernmental differences in need and ability. Similarly, it would be ill-advised to design a scheme of grant-in-aid for the purpose of stimulating local expenditures, if the will to make such expenditures already existed. In the case of relief grants we can dispense with the necessity of stimulating local expenditures, since these governments are generally prepared to recognize the need for such activity. The problem is one of equalization and the relief fund must be of adequate proportions to compensate for differences in local relief needs and in local abilities to meet those needs.

OBJECTIVES TO BE CONSIDERED

In constructing a device to meet these requirements, certain objectives may well be kept in mind: (1) that it should recognize and solve the conflict between equity, calling for equal treatment of all political subdivisions, and the desire for local independence, calling for the full play of local forces and local points of view; (2) that it should meet need adequately and permit the establishment and maintenance of optimum service standards; (3) that it should facilitate and foster the localities' interest in economic administration; and (4) that it should recognize and adequately equalize variations in local fiscal abilities without subsidizing incompetence or penalizing efficiency. In addition, the grant-in-aid problem presented by relief has some peculiar features of its own. At the head of the list is the lack of agreement regarding probable future requirements. Of no less importance is the absence of consensus regarding the division of responsibility between the state and its political subdivisions; and for that matter, the division of responsibility between both of these and the federal government. Consideration must also be given to the necessity of recognizing the relationship of public activities in the field of relief to those in related fields. More specifically, in determining the adequacy of state aid, sight should not be lost of the extent to which the needs for other welfare functions, such as mothers' aid and old-age pensions, as well as those for other types of governmental functions, are being met. All of these are questions which separately and collectively have a significant bearing upon the workability of any grant-in-aid scheme.

The experience of the American states with relief grants is rather limited. It has been crowded into the five-year period which began with the middle of 1931. Prior to that time relief was financed and administered by private organizations and local governments. The circumstances which put one state government after another "into the relief business" need not concern us here. The significant fact is that they are in the relief business today and bid fair to remain in it for some time to come.

During the period of the recent emergency, state relief grants were largely distributed at the discretion of state relief authorities. State legislatures, in appropriating funds for relief purposes, were generally reluctant to write distribution formulae on the statute books. Their own experiences were limited and the urgency of the situation precluded consultation with other countries. Those states which ventured to prescribe by law the bases of distribution found it necessary to guard against resultant injustices by providing supplementary funds to be apportioned at the discretion of state executives. At all events they had the assurance that if the distribution of their own (state) funds produced inequities between local units, adequate federal funds were generally available to re-establish equilibrium. Now, however, when federal grants are no longer available, this safe-guard is lacking, rendering the development of state aid formulae particularly pressing.

Some may, of course, question the urgency of the requirement. They may be prepared to delegate the task of equitably distributing state appropriations among political subdivisions to administrative authority. These should be reminded that under normal conditions democratic government is not compatible with the placing of large public funds at the discretion of selected individuals, irrespective of their separate or collective integrity. The issue is not one of honesty of government officials but of the wisdom of such public policy. Relief administrators themselves are among the first to maintain that even a poor formula is preferable to no formula. It protects them from constant haggling and political pressure and at the same time facilitates objective administration. No less significant is the fact that it enables the planning of fiscal activities on the part of local governments. The practice of determining the amount of assistance extended to counties (or cities and towns) on a monthly or even quarterly basis, introduces a degree of uncertainty detrimental to orderly financial operations.

In the light of the requirements enumerated above, it follows that grants-in-aid for relief should be so designed as to equalize differences between local relief needs and local abilities to relieve those needs. Thus, the problem reduces itself to the development of a formula which will take into account local relief needs and local fiscal ability. The two problems, the measurement of need and that of ability, may well be examined separately.

A political unit's requirement for relief funds is the function of two variables, the number of those in need and the necessities of each of these. The treatment of both must recognize that local conception of relief varies widely; it varies not only between communities but between different individuals within the same community as well. Some recognize relief of destitution as a public function, others do not; some believe in adequate assistance, others have less generous inclinations. Since these individuals as local taxpayers are called upon to finance part of the program, their attitude toward relief is of vital significance.

WHAT CONSTITUTES NEED?

The task of determining the number of those in need turns on the problem of eligibility for relief. Federal relief acts prescribed merely that aid should be given to "all needy unemployed." State legislation is at times more specific, but its specifications are generally restricted to legal settlement requirements, prohibitions against discrimination, and the disqualification of persons already cared for under other appropriations. The determination of eligibility is thus left largely to local relief authorities, with a consequent lack of uniformity between communities. It behooves the state authorities to step into the breach with intra-state standards.

In some states it has been the practice to determine the number of those in need in the several political subdivisions on the basis of the relief case load during some specific period within the immediate past. Such a procedure is obviously exposed to the danger of perpetuating those intra-state inequalities in the extent to which need was relieved which may have existed at any one time. It presupposes, furthermore, not only that need had been met with uniform adequacy in all political subdivisions during the chosen base period, but also that its fluctuations since then have been uniform. The improbability of such a condition is suggested by a consideration of both the seasonal and the cyclical character of employment in the different segments of our economy. Agriculture or some of its individual segments may prosper when industry is in the midst of a downward cyclical swing and it may be seasonally stagnant when manufacturing or some parts of it is experiencing seasonal prosperity.

Other states have experimented with the possibility of determining the intra-state distribution of those in need on the basis of population. The practice has little to recommend it and probably represents, as one relief administrator puts it, "a concession to a public which seems to think in terms of comparisons based on population." To determine the number of relief eligibles on the basis of population ignores the existence of wide variations in the proportions of population in need. Such differences are certain to arise, among other things, as a consequence of the non-uniform behavior of local economies. A number of legislatures have even gone so far as to apportion state relief funds solely on the basis of population, thus ignoring not only variations in the number of relief cases, but those in per case requirements and local financial abilities as well.

Two states attempted to approximate the distribution of the relief load on the basis of unemployment. In doing so, they were hampered by the inadequacy and inaccuracy of unemployment data. However, even if such statistics were both abundant and accurate, the methodology would still be subject to criticism for it assumes a direct correlation between the number of those eligible for relief and the number of unemployed. Aside from the lack of standardization in definitions of unemployment, this procedure overlooks the consideration that eligibility for relief varies with the duration of unemployment as well as with the status of the individual's personal resources. The longer his period of unemployability and the lower his normal wage-earning capacity the greater is the probability of the individual's eligibility for relief.

RELIEF REQUIREMENTS

In reference to the second variable in relief needs, the requirements per relief case, federal regulations prescribed merely that aid be granted "on the basis of budgetary deficiency established after careful investigation." The budgetary deficiency of a relief case was defined as the difference between his estimated living requirements and his estimated non-relief income. Beyond listing the permissible items, no attempt was made to prescribe those which specifically should be taken into consideration in the calculation of need. The appropriation acts of state legislatures were generally more mandatory, enumerating the budget items which should be included. Not infrequently, however, they merely authorized the state administrative agency to extend relief "to the people of the state in such manner and to such extent as may seem necessary and proper."

Budgetary deficiency is no simple concept and, in addition to being illusive, involves much distasteful investigation which breeds an air of paternalism. From another point of view, however, it cannot be denied that it follows as a logical corollary of the grant-in-aid principle. If one concedes the necessity for equalizing differences between local needs and local abilities, why not extend the process to the individual? There may be some encouragement in the thought that the necessity for detailed investigation will disappear as experience with it accumulates and as a segment of the temporarily unemployed find re-employment in industry, leaving a group more uniform in their degree of destitution in the public charge.

It has been observed that in the early phases of a depression the unemployed as well as their relatives generally have some funds of their own; as the downward swing of the cycle progresses, however, the resources of both of these groups are dissipated, producing at the trough of the business cycle a maximum of budgetary deficiency. Conversely, the degree of dependency is gradually reduced as part-time employment is resumed. Occupational characteristics have also been observed to bear a fairly constant relationship to budgetary deficiency. The degree of dependency is normally higher in industrial than in agricultural employees. The latter appear to find opportunities for obtaining privately such items as food and fuel which are beyond the reach of the urban unemployed. Experience may afford a basis for predicting these variations. In any event, the analysis of recent case records of the unemployed should reveal information of a type which will enable relief administrators to dispense with many aspects of onerous and costly case investigations, thus rendering budgetary deficiency a more acceptable basis of public assistance. No criterion of need can suffice, however, unless it recognizes such factors as the number of dependents, the physical requirements of an adequate budget, prevailing local prices, and the degree of dependency. Some of these items vary with the individual case; others with geographic location and still others with weather conditions. Their inter-relationship presents a fruitful field for quantitative analysis.

Ignoring the necessity for considering separately the number of eligible relief cases and their varying individual requirements, some states attempted to solve the problem in one move, by distributing state relief funds on the basis of past relief expenditures. In criticism of this procedure it will suffice to recall that it assumes expenditures in the past to have been made with a uniform degree of adequacy in all political subdivisions, and that it assumes the seasonal and cyclical behavior of the economy to be harmonious and identical throughout the state. To the extent to which both of these conditions remain unrealized, distribution of state aid on the basis of past expenditures serves to perpetuate intra-state inequities.

INEQUITIES IN RELIEF DISTRIBUTION

Generally speaking, the problem of measuring inter-community differences in need has not yet been solved. Some inequities are gradually being eliminated with the formulation of state standards governing eligibility for relief, with the periodic repetition of case counts and with the accumulation of experience concerning predictable variations in budgetary deficiencies. All of these hold promise of contributing to a rule-of-thumb method for the approximation of intra-state variations in need in which the type of economy, the characteristics of population, and the phase of the business cycle will be the dominant variables.

Turning to the problem of measuring ability, it may be well to begin by emphasizing the distinction between ability in general and ability in particular, i.e., the distinction between gross ability and net ability. The former comprises the ability of a governmental unit to raise revenue for all governmental functions; the latter, its ability to provide revenue for one particular governmental function. The distinction between the two concepts introduces the element of non-relief governmental requirements. It will be readily agreed that if two units of government have identical abilities to raise revenue for all governmental purposes but have unequal needs for public revenue, the sacrifice represented by equal contributions for one particular governmental function, such as relief, is not the same; the net abilities of the two governmental units are in fact different. Thus the cost of rendering services other than relief should of necessity enter into the construction of a formula designed to measure the relative abilities of various communities to finance relief costs.

Actually states have to date made no attempt to devise schemes for the measurement of the financial abilities of their political subdivisions which might conform to the requirements above. The complexities of the problem proved insurmountable. They have resorted, instead, to simple criteria. The fact that in the majority of cases the bulk of local revenue is derived from taxation of property has led to the conclusion that the abilities of political units to provide relief funds were adequately reflected by some statistical aspect of the property tax structure. A number of states equalized inter-community variations in ability on the basis of the differential between relief requirements and the assumed yield of a fixed property levy. The state itself did not generally concern itself with the actual methods employed in raising relief funds; it merely used the estimated yield of a prescribed tax rate as a measure of each community's fiscal ability. The city, town, or county was left free to elect the financing method it deemed desirable.

In other states attempts have been made to refine this basis of cost allocation by introducing the element of tax delinquency. Political units in which the rate of delinquency was high were expected to provide less locally and were granted more centrally than those in which tax collections were proceeding normally. It should be noted that this procedure while commendable during periods of emergency is undesirable from the long term point of view for it tends to subsidize inefficient and penalize successful tax administration.

As an alternative to the uniform property levy basis, some states have determined local ability on the basis of the assessed valuation of taxable property. This, like the previously described procedure, is a carry-over from the days when property was accepted as the sole criterion of local taxpaying capacity. Today other forms of taxable wealth are not only significant but their relative importance varies from community to community. The assessed valuation basis has the additional disadvantage of depending upon a uniform assessment procedure within all the political subdivisions of the state, a condition which cannot be readily realized.

Several states have attempted to determine local ability on the basis of borrowing capacity. Their analysis was based either on unused borrowing authority or the marketability of local obligations. One state specifically attempted to determine local ability to provide funds for relief on the basis of the negotiability of county general fund warrants. The former procedure would rapidly drive all political subdivisions to their debt limits, the latter lacks the basis of comparability between units, and both penalize those communities which managed to pursue pay-as-you-go policies in the past.

The more progressive states have recognized that the analysis of financial ability need not be based solely on fiscal factors; that economic factors may be employed as well. Thus, in some cases use has been made of such items as taxable wealth, individual income, automobile registrations, gasoline consumption, retail sales, and agricultural, mining, as well as manufacturing production. The further possibility remains of combining both fiscal and economic factors into a composite index. That, in fact, may be the final goal.

In the preceding paragraphs an attempt has been made to examine some of the troublesome aspects of the criteria of need and ability thus far employed. Individually all have been found wanting. The problem, however, is not one of choosing between these seeming alternatives, for they all reflect different aspects of the same entity; it is rather one of combining some of these, together with possible others, into a well balanced and integrated whole. In that process, the deficiencies exhibited by individual variables will be eliminated.

NEW CRITERIA NEEDED

Furthermore it should be recognized that in evolving a formula suitable for the requirements of any one state, the task will be simplified by the extent to which a few of the large political subdivisions outweigh in cumulative magnitude the more numerous small ones. A formula to be acceptable under such circumstances needs only to conform to the requirements of a relatively few large units. Resultant inequities imposed upon small ones can be corrected administratively with relatively limited discretionary funds.

Theoretically, the problem presented by grants-in-aid is an unending one. It is proposed to equalize differences between need and ability without conceding the possibility of devising completely satisfactory objective criteria of these variables. Need and ability are not wholly tangible concepts. They cannot be expressed objectively without subjective qualifications. The ultimate can be approached but never attained. Necessity for additional refinement will always remain. These circumstances should, however, give no cause for despair. The mere recognition of their existence is in itself progress. Further attention must, however, be directed toward uncovering those statistical measures which will most closely approximate our current subjective concepts of need and ability. Painstaking research is of the utmost importance.

POLICE ORGANIZATION AND ADMINISTRATION

(Continued from Page 705)

good.[1] The problem of crime is so enormously complicated, so little is known of the causes, so many factors are involved, that the police cannot possibly hope to bring about a satisfactory solution by themselves. They are close to the crime situation, they are in a position to study causes and effects, and consequently they must provide the leadership for the other agencies, coordinating their efforts toward the prevention of crime.

CONCLUSIONS

If we are to have a good police organization, we must build it of the best type of personnel, properly trained, equipped, and organized to perform the police functions. But organization alone, no matter how fine, will fail if it is not directed by an intelligent, completely authorized executive.

More important than the mechanical operation of his department is the question of his philosophy of regulation and control. If he believes he can force people to do as they should through fear, he must fail. If he appreciates the power of public opinion in the control of human beings, and utilizes his personnel in its proper development, he will succeed.

---

[1] Vollmer, *Police and Modern Society*, p. 200.

Editor's Note.—This article is based on an address delivered at the Annual Conference on Government of the National Municipal League, Toledo, November 16, 1936.

The Future of the Municipal Research Bureau

There has probably been no time in our history when a greater need existed for citizen understanding of government than at present

HOWARD G. FISHACK

Executive Secretary, Citizens' Advisory Finance Committee, Newark, N. J.

THE constitution of the Governmental Research Association defines governmental research as "the collection, analysis, and interpretation of facts and the discovery of principles pertaining to government and the dissemination and application of such facts, interpretations, and principles for the improvement of government." Any discussion, however, of municipal research bureaus and their work requires some differentiation between the term, governmental research, as it is broadly used and the day-to-day operations of the municipal research bureaus. This is necessary because, in the thirty years since the founding of the New York Bureau in 1906, municipal research has broadened its horizon and today is being undertaken on a much more extensive scale than even a few years ago. Many of the activities of the bureaus and a substantial part of their philosophy and approach to governmental problems have carried over to universities, to groups of city officials interested in improving the methods of government, and to citizen organizations other than the research bureaus. This diffusion may be looked upon with considerable pride by the bureaus for it attests to the soundness of the factual research approach to governmental problems originally promoted by them. At the same time, such diffusion raises a question of the future usefulness of the bureaus and the type of activities and programs they are best fitted to undertake in the future.

Consider briefly some of the background of municipal research and the bureaus. The movement began in 1905 as an effort on the part of the Citizens Union of New York City to determine why the efforts of reform administrations had so often proved fruitless in that they had brought about no permanent basic changes in administration. Nearly a decade earlier the National Municipal League had been organized and was concerning itself with the form of government, election methods, birdless ballots, and, in coöperation with civic clubs and good government associations, was focusing attention upon the election of better officials, and the development of improved forms of government. The League's first model city charter was published in 1899.

The work of the new bureau concentrated upon improved methods of administration. The first step consisted of a factual examination of the functions of government. Its interest centered in questions of financial control, of street paving, of educational administration, health and welfare. It sought the answer to *how* government was operated regardless of *who* operated it. Advocates of this approach to governmental problems included R. Fulton Cutting and three men whose names have become the A B C of governmental research, Allen, Bruere, and Cleveland.

OPPOSITION ENCOUNTERED

Like many another experiment dealing with human relations, the work of the bureau and the research idea was vigorously opposed. City officials refused bureau investigators access to public records. A report containing a statement of conditions found in the administration of streets, was made the basis of a libel suit for $100,000. The bureau was held up to ridicule and paraphrased by city officials as the bureau of municipal besmirch. Efforts to embarrass and ridicule the bureau proved a boon to its work and resulted in its expansion not only within New York City but in other cities who learned of the bureau program through the publicity thus given it. Other bureaus were organized in fairly rapid succession: Philadelphia in 1908, Chicago 1910, Dayton 1912, Toronto and Rochester 1915, San Francisco and Detroit 1916, and since then still others in cities of 100,000 population and upward. At the present time, only one city of 300,000 or more is operating without a research organization.

The work of the research bureaus after thirty years has been firmly established. As citizen-supported bodies dealing with methods of government and technical problems of administration they are now operating in more than forty cities of the country.

These citizen-supported organizations, however, do not indicate the full strength of the research movement. Much of the work sponsored originally by the citizen bureaus has been accepted and carried forward by other organizations. National associations of public officials have taken up and carried it forward with especial success in communities where officials have been brought to a recognition of their responsibility for improved administration. The early courses in training for public service, fostered by the old New York bureau from 1911 on, has expanded to graduate courses of study in a number of universities throughout the country. In conjunction with these courses most of the universities are operating research bureaus rendering service to local communities and the state at large. Development of the first of these university courses, at the University of Michigan in 1916, was promoted through the efforts of the Detroit Bureau of Governmental Research. Another early accomplishment was the nation-wide interest in public budgeting that grew out of bureau efforts in formulating a budget for the Health Department of New York City. Scientific budgeting was soon carried to other cities and thus marked the greatest single achievement yet made in public administration.

This history and background is mentioned as an indication of the very basic influence the research bureaus have had in developing sound administrative practices and in carrying forward successful hard-headed reforms. It is mentioned also as an indication of the extent to which governmental research has spread beyond the mold in which it was first cast and of the varied patterns it has assumed as recognition of its value has grown.

But what of the local citizen-supported research bureaus? Have they kept pace with the procession? Admitting their past usefulness, have they functions to perform in the future? May we not assume that with the movement receiving wide acceptance by other agencies, the bureaus can consider their task completed, their aims fulfilled. Shouldn't we, after all, test the need for continuing bureau activities by appraising the losses, if any, that might accrue from a collapse of citizen-supported research?

LOCAL RESEARCH GROUP STILL VITAL

Research bureau directors, trained in the work of objective analysis and criticism, have submitted their work to such tests at various times. Several recent meetings of the Governmental Research Association have been devoted to discussions of the future of the bureaus. As might be expected no uniform opinion or any set conclusions developed from these discussions or from later correspondence with approximately 150 individuals throughout the country who were familiar with the work of the bureaus. But in these discussions and from correspondence, research men and others pointed out problem after problem in their local communities that still demanded the critical thought and constructive action of locally supported research organizations. In numerous communities it was found that the adoption and installation of modern administrative practices lagged far behind our widely accepted standards of procedure—that there was still a great deal to be done along traditional lines in spite of the advance in methods generally and the brilliant achievements of some city administrations. The very fact that good city administration is still news even if it often fails to get the attention it deserves, attests to its being a relatively rare commodity.

There is little doubt that in cities where officials still persist in the view that existing methods are best regardless of modern trends and that the only test of sound procedure is the number of years that it has been in force, research bureaus must continue as advocates of modern administration. In these communities they have a job ahead of them similar to the one they have performed in the past. The extent of this work depends, of course, upon the community. It will be less pressing in cities where bureaus have been operating for a number of years or where earlier bureau recommendations have been adopted and are in force. But even in these cities, methods become outmoded and new problems constantly come to the top and demand attention, for we are dealing with forces that are constantly shifting. In many of these situations the local citizen-supported research bureau is the most logical, often the only, agency equipped for the job. In cities where administrative practices are generally low grade due to official indifference, the programs of national associations of public officials do not offer a solution and are apt to find little or no support of their efforts which must depend upon the interest and cooperation of local officers. The local research bureau on the other hand through constantly focusing attention on better methods, through its day-to-day contacts, through developing public opinion in support of its recommendations, can bring about improvements where others fail. Such work is not an inconsiderable part of a bureau's program and will be as essential in the future as it has been in the past.

Another research bureau activity that still remains important and will not be readily displaced, is the bureaus' cooperation with officials interested in improved administration and to some degree with the national associations of officials developing new practices. Further, through citizen-education, the bureaus can speed the adoption of administrative techniques.

For example, until the depression sharply reduced the taxpaying ability of communities, little attention was given to the problem of tax collection. Officials were content to let tax revenues trickle in at will knowing that eventually the full amount would be received or the city's claim for taxes outstanding would be satisfied by foreclosure proceedings that gave the city prior rights over all other debtors. In the meantime funds could be borrowed without difficulty and usually at reasonable rates. Some communities did not even bother to inform the taxpayer of his obligation simply because pre-billing of taxes was not required by law. The tax collector's job was often considered the soft spot in city hall because he had little to do but take the money when, if, and as it came in.

No thought was given to the time element in collections until it was found that a dollar that couldn't be collected today or couldn't be borrowed today, couldn't be spent today. And then what happened? Almost overnight, tax collectors realized that they were in fact competing with every other collector in town—the butcher, the baker, the candlestick maker—for a share of the communities' available funds. In this emergency citizen-agencies, including the National Municipal League and many of the research bureaus, sensing an impending breakdown in governmental services, took an active part in tax collection campaigns and rendered valuable service in helping make taxpayers conscious of their obligation to their community. In some communities the work of the bureaus did not stop with the tax drive. Tax collection methods were studied and new procedures and needed improvements were suggested, adopted by officials, and installed under bureau supervision. One such installation in an eastern city has since been adopted with slight alterations by over thirty other taxing units of the state. I cite this as an example of improvements that are being accomplished by local bureaus working in coöperation and with the support of both officials and taxpayers and also as an example of the work that only the local bureau is in a position to undertake when the opportunity arises.

CITIZEN ACTION NECESSARY

Regarding the future of local bureaus of governmental research, there should be no concern over the work that is before them or of their continuing need. It is important, however, that the research bureaus' work be more widely understood by citizens and that the activities of the bureaus be made a part of a broad program of citizen action in which a number of citizen-groups participate. This is the bureaus' most important field of activity in the future. Many of the new problems of local government will, because of their national scope, require the attention of organizations of wider influence than the local research bureaus. In the study of such problems, the Governmental Research Association can and should play an important part in bringing a citizen approach to them and in developing better citizen understanding of them.

Some portion of bureau activities involving scientific studies in the nature of pure research, will, in the future, become the task of universities and of foundations. This trend is already in evidence, but it would be a mistake to assume from it that all of the problems of local government can be solved behind ivy covered walls or dealt with as a part of a telescopic survey at long range. Close and continuous contact with local administrative units obtainable through the work of the research bureaus is still necessary. The need for interpreting local trends and constantly examining local administrative practices in relation to new state and national demands creates a continuing need for the activities of the local citizen-supported research agencies.

We cannot lose sight of the fact that the burden government lays upon citizens still is imposed most heavily by local units. While we may expect that grants-in-aid from higher levels of government will reduce the amount of local taxation, we do not look for a reduction in the amount of funds locally spent. In fact, the reverse of this situation may be true. Reduction of the local tax burden by the amount of grants-in-aid will further complicate the local tax structure by reducing the tax levy and tax rate which is widely, however mistakenly, accepted as a guide to efficient government by a majority of citizens. In such a situation, the function of the research bureaus in examining, measuring, and reporting municipal operations becomes increasingly important to any understanding of local governmental problems.

One answer to the future usefulness of local research bureaus rests in a closer working relationship between the bureaus and other citizen organizations. There has probably been no time in our history when a greater need existed for citizen understanding of government than at present. Sudden upheavals in established practices and new demands that must be met in an emergency of necessity create a great deal of confused thinking. The past few years certainly have been no exception in this respect. The extent to which these new devices are tested and new theories and practices are clarified within the next few years will depend largely upon the work of citizen organizations in analyzing and studying the new patterns that government has assumed. There is need for a program of citizen action and in it the municipal research bureaus can aid, for the well established technique of the bureaus, their experience in dealing with factual material, fits them for part of the task. The other part must be supplied by citizens and particularly by groups such as the National Municipal League, to develop a well rounded program. The ingredients needed for such a program of citizen endeavor are: First, agencies equipped with adequate finances and staff to assemble and digest facts, discover trends, and develop a sound program. Second, agencies of citizen education that can make known the results of such studies and help translate the program from a plan to an accomplished fact.

Editor's Note.—Address delivered before the Annual Conference on Government of the National Municipal League, Toledo, November 16, 1936.

HOMESTEAD EXEMPTION

(Continued from Page 699)

Mill levy for debt service	1.09
Dollar levy for debt service (.00109 x $12,772,557 x .8453)	$ 11,768
Remaining for all other expenses under proposed amendment ($107,572—$11,768)	$ 95,804
Available under present conditions (.01341 x $12,772,557 x .8453)	$ 144,783
Per cent decrease under proposed amendment	33.8

C. On School Funds

Value available for taxation under proposed amendment (table 3)		$8,776,457
1935 School mill levy		21.0
Other than bonds	18.06	
Bonds	2.94	
Maximum ad valorem school tax revenue (.021 x $8,776,457)		$ 184,306
*Estimate of 1935-36 collections—per cent		84.53
Probable 1935-36 ad valorem tax revenue under proposed amendment (.8453 x $184,306)		$ 155,794
Mill levy for debt service		2.94
Dollar levy for debt service (.00294 x $12,772,557 x .8453)		$ 37,551
Remaining for school general fund under proposed amendment ($155,794—$37,551)		$ 118,243
Available under present conditions (.01806 x $12,772,557 x .8453)		$ 230,672
Per cent decrease under proposed amendment		48.7

---

*Estimate of County Treasurer based on past years.

The Business Man's Stake in the Civil Service

Demise of the spoils system will come only after strong public demand for extension of the merit system to federal, state and local government employees

ROBERT L. JOHNSON *President, National Civil Service Reform League*

WHEN the head of a great business undertakes to head a government department of approximately the same size, he usually starts off with a bang to "cut out the red tape" and eliminate obvious overlapping of duties and supernumeraries in the personnel. He talks wisely and usually well about the economies he can effect by increasing efficiency and running things in a more business-like way. Eight times out of ten his plans will be sound and sane, but also eight times out of ten he will not be allowed to carry them out. Why?

Because he will learn with disillusioning time that a large number of the employees under his supposed management are there to stay whether he likes it or not—at least until the next election. When he finds an employee lying down on his job or obviously unfitted for it, officially he is empowered to discharge him or shift him to another position, but in effect he has no such power—or rather, he may use it, but if he does he will find some of his more important projects opposed by an unexpected but organized resistance. Unwittingly, he has probably stepped on patronage toes.

In times of extreme depression some may argue for continuing unnecessary jobs in government work as a form of relief. It is a dangerous form, however, because there are not the same natural checks as there are in private enterprise. Government cannot be allowed to go out of business or to go into bankruptcy as the price of its mistakes.

But granting this argument, it is still undeniable that for the sake of justice and efficiency, jobs should go to the best qualified and to the most deserving—not to some political cohort as a reward for campaign activities.

Not every business man is interested in justice in the abstract, and heretofore not many have paid enough attention to government. But from now on every business man, if for no other reason than his own interests, should be concerned with the actions of his elected representatives and the people appointed by them to carry on administration, because he cannot afford not to be concerned. In plain cold dollars and cents—taxes—in government standards, requirements, and penalties, in a possible return to industrial codes—in all these, his own and identical interests are most directly affected by government action. The interlocking of private enterprise and government has at last been recognized by business men.

He is the one who foots the bill to support the multiple rackets taking their toll of practically every industry where there is a middle man.

"Let us have more anti-crime legislation," "Support this bill or that, to curb the racketeers," has been the cry year after year. Suppose we do get the most desirable and the most carefully drafted bills through, as has been done in some cases. Unless we remove from political influence our district attorneys, our assistant district attorneys, our court deputies and clerks, how are we going to prevent the best law being flouted or evaded? And how can we expect an assistant district attorney, for instance, if he knows he owes his job to a political appointment, to be deaf to the "suggestions," couched however tactfully, of those who appointed him?

Who knows when his private accounting for income tax purposes is allowed to leak out to his enemies, personal or business, by some politically appointed deputy income tax collector, if he fails to make the expected appropriation to the political party?

Most business men keep up fire insurance, and those of us who live in cities or counties where appointment to public office is made without examination are paying higher premiums than those who live in places where the merit system is in force. This means that your money goes to pay someone for inefficiency or for dishonesty. How can you expect a building inspector, who knows that his appointment rested on political reasons and that his discharge will probably rest on the same regardless of his performance, to take the same interest as one who has qualified for a stable position and is looking forward to promotion?

With the convening of the state legislatures, how many unnecessary clerks and amiable but indolent hangers-on wander around the state buildings on our payrolls? Why should the average per diem cost of legislative clerical service in the New York legislature be $5,150 for 110 days as against $564 for 160 days in the Wisconsin legislature? Why should 201 legislators in New York require 325 clerks, when 133 Wisconsin legislators can get along with 107? The answer is patronage—for which we pay.

These are just a few of the smaller ways in which the spoils system may affect us. I mention these state and municipal aspects of the system because it is not generally realized that a far larger proportion of the state, county, and municipal employees are exempt from civil service standards than in the more discussed federal government; also because more and more responsibility will inevitably be undertaken by the federal government unless we give more attention to our state and local administration.

CITIZEN PARTICIPATION

The National Municipal League is doing a wonderful job in trying to bring home to the business man the fact that his well-being financially, aside from his duty as a citizen, calls for his greater participation in local government.

It is not generally realized that only ten states of the union have any defined requirements before a man or woman may be added to the public payroll—for which the taxpayer pays. The record of county civil service requirements is even worse—only five counties in this whole country have set up any machinery for personnel control, and these are widely scattered like tiny dots among Illinois, Oregon, Virginia, California, and Alabama. There are more than three thousand counties in the United States, with 150,000 employees, not counting another 150,000 employees of towns, villages, and other subdivisions which gradually must be consolidated under county control. At a conservative estimate, over $500,000,000 is spent annually for county, town, and village employees. The labor turn-over in these divisions due to political complications is so great that it would break an otherwise sound private business.

If the state governments would take

strenuous action to set their own houses in order, it might go a long way toward influencing the Congress to extend the merit system in the federal government.

As a matter of fact, there seems to be a very strong likelihood of prompt action by the Congress if the present public demand for the merit system continues and grows. But do not let us delude ourselves that the responsibility rests entirely on the President or that the President has it in his power to put more than about 15 per cent of the new agencies under civil service requirements by executive order. The Congress must take the larger responsibility.

CIVIL SERVICE AMENDMENT SUGGESTED

It is for this reason that an expression of public sentiment must cease to be passive and become mandatory, that the proposed twenty-second amendment, drafted by the National Civil Service Reform League, providing that "Appointments and promotions in the civil service of the United States shall be made according to merit and fitness to be ascertained, so far as practicable, by examination, which, so far as practicable, shall be competitive," be adopted.

Some will immediately question the advantages of a constitutional amendment over congressional legislation to the same effect. Three reasons favor the constitutional amendment.

First, there is no assurance that congressional legislation will not be repealed or changed by the succeeding legislatures. Even if the legislation stands there are various ways in which it may be evaded.

Second, it would preclude Congress from adopting spoils riders to important legislation in the hope or realization that the President could not afford to veto such important bills merely because of the exceptions provided in the riders from civil service laws.

Third, the sentiment of the country is more likely to recognize and support a constitutional provision than congressional action alone.

President Roosevelt has recognized the need for a trained personnel in government. In 1922 he wrote in a letter to the National Civil Service Reform League:

> I should like to see one of the great parties come forward with a challenge to the other party offering to enter into a compact to uphold and maintain the civil service; to recognize that while a few positions at the top—policy-making positions — must, of necessity, be filled by party men, the overwhelming majority of government employees should be something more than party workers; that they would consistently strive so as to conduct the national civil service commission that party politics would in no way enter into either the original appointments or into promotions or demotions of those in the service. As a matter of practical fact, a very few years of an agreement of this sort would find the civil service employees of the United States representative of all parties in an entirely fair manner; it would relieve them of the necessity which unfortunately so many of them now labor under, of having to be political sycophants with every change of administration; and it would raise the whole efficiency level of the government service. . . . Such a challenge by one party to the other might for the moment fall on deaf ears, but public opinion would in the end force its acceptance. It is time to do more than stand by; it is time for constructive action to secure improved conditions.

The President is now in a strategic position to help the country in the extension of the merit system. If both major parties will coöperate, there is no reason why we should not have a government based in the future on a trained, sound, and hopeful civil service.

EDITOR'S NOTE.—Address delivered before the Annual Conference on Government of the National Municipal League, Toledo, November 17, 1936.

Comparative Tax Rates of 259 Cities, 1936

Figures for the cities reporting in both 1935 and 1936 show an increase in both the total tax rate and the adjusted tax rate for 1936

ROSINA MOHAUPT

Detroit Bureau of Governmental Research

THE accompanying tabulation presents in condensed form the tax rates upon property for the current year in 259 cities in the United States and Canada.

The form of presentation is similar to that of prior years, and is largely self-explanatory in the column headings. The cities are arranged in order of population by the five census groups, the 1930 census figures still being accepted. For the Canadian cities which follow, the latest available census figures were used.

The total assessed valuation is reported in the next column, followed by the respective percentages of realty and personalty represented in the total reported assessment. In the Canadian cities, personal property is not assessed, but the assessments of business and income found in some provinces, which are taxed at the same rate as realty, are included with the realty valuation.

Next follow the date the city's fiscal year begins, the first date city taxes are subject to penalty, and the number of installments in which city taxes are payable. It is impossible to indicate the fiscal years of the various subdivisions other than the city upon which taxes are paid by city property and the special provisions regulating payment of taxes for these other units when collection is not made by the city. Personal property not uncommonly has a different penalty date than real estate, but this refinement is omitted. Provisions are found to have been liberalized in the matter of paying taxes. Payment in as many as twelve installments is permitted in several cities, quarterly payments becoming increasingly popular. Further inducement is offered in many cases in the form of discounts, while the penalty rate is being softened.

The next five columns report the tax rates per $1000 assessed valuation, showing separately the rates for city, school, county, and state purposes, and the total. It is the objective of the tabulation that this total rate should represent the total of the one or more tax bills for all purposes upon a single parcel of property assessed at $1000—except for those cities in which the legal basis of assessment is not 100 per cent of full value. For these exceptions adjustment of the actual rates to a uniform 100 per cent basis has been made to facilitate comparison, and is indicated by an "A" following the total rate, with the footnote explanation of the basis of adjustment. When a rate is so adjusted, however, it should be noted that the assessed valuation to which it applies has not been correspondingly adjusted, as it is desired to show only the actual assessed valuation in each city.

The last two columns report the best

judgment as to what the total tax rate would be if the assessments of all the cities were made by a single assessor or by uniform assessing standards at full value. The purpose of the final column is to indicate the relative tax burden upon each unit of valuation, as opposed merely to the tax rate upon that property. Many practical difficulties arise in assessing all the properties in any one city upon a uniformly equitable basis. When applied to many cities, these difficulties are multiplied, as even an incentive for uniformity does not always obtain. While the ratios are only estimates, they afford the best known available measure of the comparable tax load. A growing reluctance has been shown to estimate this ratio —even though it is accepted that deviation from the legal basis is employed, due in part to inactivity in real estate, and the absence of recent checks upon assessments. Generally in such cases prior years' ratios are continued. In several states the tax commissions issue statements showing the legal and estimated actual bases of assessment.

It is, of course, impossible to report in a single line all the information sought to be shown for each city. The complications arising have been indicated in previous years—the multiplicity of overlapping taxing units within a city, the deviations in boundaries, and different bases of assessing; the variation in distribution of costs between units, as library, school debt service, etc.; the budget procedure which affords but a single rate for all purposes; classification of property, particularly personalty, and the graded tax law, as found in Pittsburgh and several Canadian cities, etc. These modifying factors restrict the presentation and utility of the table for comparative purposes. So far as possible, however, these refinements are referred to in footnotes. It is cautioned that conclusions may be drawn safely about any city only after reference is made to these footnotes.

RANGE OF RATES

Analysis of the total tax rate column shows a wide range in rates, from $102 for Charleston, S. C., to $14.00 for Steubenville, Ohio. For the Canadian cities, a narrower range is found, from $44.00 for Windsor to $25.00 for Verdun. In Group I cities, Chicago is high, $83.70, and Philadelphia low, $26.25; in Group II, the range is from $52.40 in Portland to $15 in Washington—excluding Washington, Cincinnati is low, with $20.12; Group III, Jacksonville, with a rate of $60.27, to Canton, Ohio, with $17.80; in Group IV, Charleston, S. C., as reported, to Wheeling, $16.39 (adjusted); and for Group V, from Joliet, Ill., $64.80, to Steubenville, Ohio, as stated above.

The average total tax rate for the 259 cities reporting is $35.08. This compares with $35.20 for 301 cities reported in 1935, or a decrease of 12 cents. The cities of the United States alone show a decrease in the average from $35.34 to $35.13, or 21 cents; the Canadian cities, an increase from $32.74 to $34.46, or $1.72. The median total tax rate is $34.03.

Limiting the comparison of total rates to 246 cities reporting in both 1935 and 1936, it is found that the average total rates are $34.59 and $35.23, respectively, or an increase of 64 cents. The 230 comparable cities in the United States are up 57 cents, from $34.72 to $35.29, and the 16 Canadian cities are up $1.58, from $32.74 to $34.32. These increases reverse the trend reported one year ago. However, the increase in Canadian rates is somewhat cancelled by decreased assessments.

An analysis of the cities to show this correlation discloses for 230 cities in the United States, that 119 of the number reduced assessments, 85 increased assessments, and 26 reported no change. Of the 119 cities, 36 also reduced the total rate, 65 increased, and 18 had no change in rate. Of the 85 cities raising assessments, 36 reduced their rate, 37 increased, and 12 reported no change. Of 26 cities reporting no change in valuation, 4 had a reduced rate, 14 an increase, and 8 no change. For 17 cities in Canada, 11 reduced assessments, of which 6 increased, 3 reduced, and 2 had no change in total rate; 3 cities reported no change in valuation and decreases in the total rate; and 2 cities reported increased assessments together with increased total rates.

The column "Adjusted Tax Rate," which estimates the tax burden upon property, discloses that the load is not as heavy as the total tax rate implies. In this column the rate reflects the charge upon property directly in proportion as the ratio of assessing, as shown in the preceding column.

The range of adjusted rates is from Union City, N. J., with $47.26, to Steubenville, Ohio, with a $11.20 rate. For the Canadian cities, a smaller spread is noted, from Windsor, with $44.00 to Verdun, with $20.00. For the United States, Boston is high, $38.00, and San Francisco, low, $19.68, in Group I; in Group II, Jersey City, $45.81, to Washington, $15.00—excluding Washington, $16.10 for Cincinnati; Group III, from Des Moines, Iowa, $43.85, to Youngstown, $12.60; Group IV, Union City, N. J., (already reported) to Winston-Salem, N. C., $11.38; and for Group V, from Chelsea, Mass., $43.40, to Steubenville, Ohio, (already reported). The median of the adjusted rates is $26.10.

The average adjusted rate for 259 cities is $26.61. In 1935 this average was $25.95 for 301 cities. A net increase of 66 cents is reflected, therefore, from one year ago. The cities in the United States increased 47 cents, from $25.70 to $26.17, and the Canadian cities, $1.80, from $31.00 to $32.80.

Limiting the comparison to the 246 comparable cities for 1935 and 1936, the average adjusted rates are $26.04 and $26.71, respectively, or an increase of 67 cents over last year. The United States cities increased from $25.69 to $26.30, or 61 cents, while the 16 Canadian cities increased from $31.00 to $32.55, or $1.55.

ASSESSED VALUATIONS

The total rates shown (except those marked "A") are applied to the assessed valuations reported. The valuation of the 259 cities for 1936 is $68,075,000,000, of which $3,415,000,000 are in the Canadian cities. The per capita average assessments of American cities by census groups, beginning with Group I, are $1,698, $1,568, $1,183, $1,284, and $1,196, respectively, or a grand average per capita of $1,482. The Canadian per capita is $1,169. The per capita average assessment for all cities, American and Canadian, is $1,462.

This trend is reflected more exactly when limited to the 246 cities reporting in both 1935 and 1936. The total valuation of these cities in these years was $67,398,000,000 and $67,418,000,000 respectively, or an increase of .03 per cent over 1935. The Canadian figures were $3,429,000,000 and $3,369,000,000 respectively, of the totals above. The average per capita assessment for the 230 cities in the United States is $1,486, as compared with $1,484 last year. For the 16 Canadian cities, the per capita average is $1,172, compared with $1,193 one year ago. For the 246 cities, the per capita averages are $1,466.21 in 1936 and $1,465.76 in 1935, or a net increase of 45 cents per capita. The recession found in recent years has apparently stopped and next year will probably show a more decided upward swing of assessments.

Per Capita Average Assessments

	1936	1935	1929
Group I	$1698	$1711	$2200
Group II	1568	1481	1522
Group III	1183	1180	1453
Group IV	1293	1311	1417
Group V	1197	1195	1475
Canada	1172	1193	1291
Total All Cities	1466.21	1465.76	1802
Total American Cities	1486	1484	1833

The table above is made up from the assessed values of 246 comparable cities reporting in 1935 and 1936 and 235 cities in 1929. Canadian cities show a downward trend from 1929 thru 1936. Only Group I and Group IV of the American cities show a downward trend over this period. The other American cities, shown as groups, show an increase in assessment in 1936 over the 1935 figure. The per capita average assessment of all American cities also shows this increase over the 1935 figure, although the increase is slight. The average adjusted tax rates of the Canadian cities and Group I cities both show increases over this period, Canadian rates increasing from $26.98 in 1929 to $31.00 in 1935 and $32.55 in 1936 and Group I rates increasing from $22.57 in 1929 to $25.46 in 1935 and $26.51 in 1936.

While it is true that the tax rate is not the ultimate index of the cost of government of a city because local governments have additional sources of revenue, yet a study of tax rates, especially when related to assessed values, reveals many interesting facts. Despite the apparent growth of sentiment against the property tax as a source of revenue for local governments, voters in five states on November 3 rejected the abolition or limitation of property taxes. Two states approved property tax limits. Michigan voted "No" on a proposal to abolish the property tax entirely, except for existing debt service. Minnesota defeated a proposed constitutional amendment to abolish the property tax for state purposes. Colorado, Georgia, and Oregon defeated proposed tax limitation measures. Nevada and Washington voted to adopt and continue tax limits respectively.

This is the fifteenth annual compilation of these data. The tabulation was made possible only through the coöperation and interest of a large number of public officials and citizen agencies who approved of its purpose. Their assistance is acknowledged by the compilers. Questionnaires were sent, as usual, to 310 cities in the United States, and 18 in Canada, with the results here presented.

(See following pages for tabulation.)

COMPARATIVE TAX RATES OF 259 CITIES FOR 1936

Compiled by the Detroit Bureau of Governmental Research from Data Furnished by City Officials and Members of the Governmental Research Association

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Install-ments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
	Group I Population 500,000 and over															
1	New York, N. Y.[1]	6,930,466	$16,678,548,000	100	..	Jan. 1	May 1	2	$21.77	$ 4.54	$ .69	$ ..	$27.00	92	$24.84	1
2	Chicago, Ill.[2]	3,376,438	2,035,513,280	75	25	Jan. 1	Sept. 29	2	49.00	28.60	6.10	N	83.70	37	30.97	2
3	Philadelphia, Pa.[3]	1,950,961	3,620,156,241	76	24	Jan. 1	July 1	1	17.00	9.25	N	N	26.25	90	23.63	3
4	Detroit, Mich.[4]	1,568,662	2,291,719,930	78	22	July 1	Aug. 1	2	16.24	7.68	4.90	N	28.82	100	28.82	4
5	Los Angeles, Calif.[5]	1,238,048	1,267,141,000	91	9	July 1	Dec. 5	2	19.70	13.70	14.70	N	48.10	50	24.05	5
6	Cleveland, Ohio[6]	900,429	1,172,574,588	89	11	Jan. 1	May 3	2	15.26	10.22	6.52	N	32.00	80	25.60	6
7	St. Louis, Mo.	821,960	1,051,561,615	92	8	Apr. 9	Jan. 1	4	17.40	8.80	N	1.50	27.70	85	23.55	7
8	Baltimore, Md.[7]	804,874	1,818,959,994	60	40	Jan. 1	Aug. 1	..	19.98	4.92*	N	2.20	27.10	100	27.10	8
9	Boston, Mass.	781,188	1,620,265,000	92	8	Jan. 1	Oct. 1	10	23.00	9.67	2.17	3.16	38.00	100	38.00	9
10	Pittsburgh, Pa.[8]	669,817	1,170,888,350	100	..	Jan. 1	Mar. 1	12	15.25	11.25	8.37	N	34.87	65	22.67	10
11	San Francisco, Calif.[9]	634,394	815,841,188	67	33	July 1	Dec. 5	2	31.21	6.63	N	N	37.84	52	19.68	11
12	Milwaukee, Wis.[10]	578,249	852,174,165	92	8	Jan. 1	Feb. 16	1	14.53	11.40	5.19	.23	31.35	90	28.22	12
13	Buffalo, N. Y.	573,076	963,317,315	100	..	July 1	Aug. 1	2	20.62	6.10	6.59	.21	33.52	82	27.49	13
	Group II Population 300,000 to 500,000															
14	Washington, D. C.[11]	486,869	1,633,530,674	70	30	July 1	Oct. 1	4	15.00	..	N	N	15.00	100	15.00	14
15	Minneapolis, Minn.[12]	464,356	259,561,234	85	15	Jan. 1	June 1	4	17.71	8.84	3.28	4.82	34.65A	100	34.65	15
16	New Orleans, La.[13]	458,762	490,514,700	71	29	Jan. 1	Nov. 1	3	18.28A	5.95A	4.50	5.75	34.48A	80	27.58	16
17	Cincinnati, Ohio	451,160	800,636,330	91	9	Jan. 1	Dec. 20	10	8.94	7.34	3.84	N	20.12	80	16.10	17
18	Newark, N. J.[14]	442,337	998,601,022	73	27	Jan. 1	Feb. 1	4	22.99	7.20	4.88	3.03	38.10	90	34.29	18
19	Kansas City, Mo.[15]	399,746	492,269,710	75	25	May 1	Oct. 1	1	15.00	13.98	7.53	1.61	38.12A	80	30.50	19
20	Seattle, Wash.[16]	365,583	245,820,993	77	23	Jan. 1	June 1	2	15.26	7.50	6.74	1.79	31.29A	94	29.41	20
21	Indianapolis, Ind.[17]	364,161	505,286,030	74	26	Jan. 1	Nov. 3	2	13.60	8.90	3.80	1.50	27.80	85	23.63	21
22	Rochester, N. Y.	328,132	628,674,290	100	..	Jan. 1	Feb. 1	4	16.97	8.91	6.91	..	32.79	83	27.22	22
23	Jersey City, N. J.	316,715	609,245,900	95	5	Jan. 1	Feb. 1	4	24.65	8.88	9.17	3.11	45.81	100	45.81	23
24	Louisville, Ky.[18]	307,745	402,353,231	70	30	Sept. 1	May 1	1	16.70	6.10	4.20	3.36	30.36	85	25.81	24
25	Portland, Ore.[19]	301,815	281,359,535	92	8	Dec. 1	Mar. 16	4	21.90	12.60	12.80	5.10	52.40	55	28.82	25
	Group III Population 100,000 to 300,000															
26	Houston, Texas	292,352	282,338,870	85	15	Jan. 1	Jan. 1	1	20.00	12.00	10.10	6.20	48.30	50	24.15	26
27	Toledo, Ohio	290,718	393,000,000	92	8	Jan. 1	May 15	2	9.21	8.65	2.14	N	20.00	80	16.00	27
28	Columbus, Ohio	290,564	348,549,600	80	20	Jan 1	Jan. 20	2	11.70	6.80	2.90	N	21.40	70	14.98	28
29	Denver, Colo.[20]	287,861	352,356,740	68	32	Jan. 1	Mar. 1	2	17.00	14.60	N	3.00	34.60	85	29.41	29
30	Oakland, Calif.[21]	284,063	257,125,840		..	July 1	Dec. 5	2	19.80	13.72	14.38	N	47.90	50	23.95	30
31	St. Paul, Minn.[12]	271,606	132,844,968	84	16	Jan. 1	June 1	2	14.84	8.22	8.77	5.45	37.28A	100	37.28	31
32	Atlanta, Ga.[22]	270,366	344,000,000	70	30	Jan. 1	Oct. 15	3	15.00	..	11.00	4.00	30.00	100	30.00	32

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Install-ments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to **Legal Basis** (Per Cent)	**Adjusted** Rate	No.
33	Dallas, Texas	260,475	267,169,100	75	25	Oct. 1	Dec. 1	2	15.42	9.18	7.60	6.20	38.40	52	19.97	33
34	Birmingham, Ala.[23]	259,678	160,000,000	85	15	Sept. 1	Jan. 1	1	6.90	6.60	4.20	3.90	21.60A	67	14.47	34
35	Akron, Ohio	255,040	267,152,270	74	26	Jan. 1	Feb. 15	2	12.22	11.50	2.68	N	26.40	50	13.20	35
36	Memphis, Tenn.[24]	253,143	278,547,160	90	10	Jan. 1	Sept. 1	4	14.80	6.50	8.90	.80	31.00	90	27.90	36
37	Providence, R. I.[25]	252,981	489,040,940	84	16	Oct. 1	Oct. 24	4	14.80	9.70	N	N	24.50	100	24.50	37
38	San Antonio, Texas	231,542	206,537,220	..	..	June 1	June 1	5	14.50	10.00	6.70	6.20	37.40	75	28.05	38
39	Omaha, Neb.	214,006	245,303,715	.	..	Jan. 1	Dec. 1	2	14.89	14.00	4.95	2.15	35.99	70	25.19	39
40	Syracuse, N. Y.[22]	209,326	377,337,793	100	..	Jan. 1	June 1	2	24.27	..	5.91	.	30.18	86	29.95	40
41	Dayton, Ohio[26]	200,982	273,704,560	100	..	Jan. 1	June 1	10	9.60	6.85	3.55	N	20.00	90	18.00	41
42	Worcester, Mass.	195,311	287,304,950	89	11	Jan. 1	Nov. 1	2	24.92	8.52	1.28	1.08	35.80	100	35.80	42
43	Oklahoma City, Okla.[27]	185,389	110,838,811	89	11	July 1	Nov. 1	4	11.70	23.61	10.33	N	45.64	33	15.06	43
44	Richmond, Va.[28]	182,929	251,084,047	89	11	Feb. 1	July 1	2	14.50	7.50	N	N	22.00	87	19.14	44
45	Youngstown, Ohio	170,002	270,859,598	90	10	Jan. 1	June 20	2	7.82	7.81	2.37	N	18.00	70	12.60	45
46	Grand Rapids, Mich.	168,592	185,434,823	82	18	April 1	Aug. 1	6	10.48	9.18	2.00	N	21.66	100	21.66	46
47	Hartford, Conn.	164,072	353,339,886	88	12	April 1	May 2	4	12.77	11.93	.66	1.34	26.70	100	26.70	47
48	Fort Worth, Texas[29]	163,447	167,043,606	78	22	Oct. 1	Dec. 1	2	20.50	11.00	8.10	6.20	45.80	55	25.19	48
49	New Haven, Conn.	162,655	308,995,233	86	14	Jan. 1	Feb. 1	2	15.27	10.98	.56	.69	27.50	100	27.50	49
50	Flint, Mich.	156,492	170,305,790	..	..	July 1	Aug. 1	3	15.28	11.24	3.54	N	30.06	85	25.55	50
51	Nashville, Tenn.	153,866	157,034,241	.	..	Jan. 1	Oct. 1	2	18.50	3.50	..	..	..	..	..	51
52	Springfield, Mass.	149,900	277,952,555	91	9	Jan. 1	Nov. 2	2	21.40*	9.05*	1.42	1.53	33.40	100	33.40	52
53	San Diego, Calif.	147,995	133,723,190	.	.	July 1	Dec. 5	2	21.00	13.27	16.13	N	50.40	50	25.20	53
54	Bridgeport, Conn.	146,716	234,023,955	82	18	April 1	May 1	2	19.14	9.84	.44	.58	30.00	100	30.00	54
55	Scranton, Pa.[30]	143,433	108,279,732	100	..	Jan. 1	April 1	4	16.17	19.00	11.00	N	46.17	50	23.09	55
56	Des Moines, Ia.[31]	142,559	135,787,157	84	16	April 1	April 1	2	20.43	21.15	9.79	3.44	54.81	80	43.85	56
57	Long Beach, Calif.[32]	142,032	196,557,915	78	22	July 1	Dec. 5	2	17.00	15.50	13.80	N	46.30	50	23.15	57
58	Tulsa, Okla.[27]	141,258	100,554,388	75	25	July 1	Nov.1	4	22.97	19.42	8.20	N	50.59	60	30.35	58
59	Salt Lake City, Utah[33]	140,267	142,710,856	85	15	Jan. 1	Dec. 1	1	14.38	11.35	5.86	6.00	37.59	70	26.31	59
60	Paterson, N. J.	138,513	177,731,264	91	9	Jan. 1	Feb. 2	4	23.87	10.46	6.39	3.08	43.80	75	32.85	60
61	Yonkers, N. Y.	134,646	321,840,467	100	..	Jan. 1	Feb. 1	4	20.46	9.38	3.56	.17	33.57	90	30.21	61
62	Norfolk, Va.[22]	129,710	160,884,800	89	11	Jan. 1	April 1	4	26.00	..	N	N	26.00	70	18.20	62
63	Jacksonville, Fla.	129,549	73,272,340	87	13	Jan. 1	June 1	1	16.00	10.00	27.27	7.00	60.27	50	30.14	63
64	Albany, N. Y.[22]	127,413	233,371,414	100	..	Jan. 1	April 1	1	27.92	.	6.55	.21	34.68	74	25.66	64
65	Trenton, N. J.[34]	123,356	169,421,730	89	11	Jan. 1	Feb. 1	..	20.65	7.08	6.12	3.02	36.90	80	29.52	65
66	Kansas City, Kans.	121,857	89,792,159	.	..	Jan. 1	Dec. 20	2	17.81	16.00	10.82	2.81	47.44	49	23.25	66
67	Chattanooga, Tenn.	119,798	110,623,600	93	7	Oct. 1	Mar. 1	..	14.80	5.20*	16.60	.80	37.40	100	37.40	67
68	Camden, N. J.	118,700	146,111,668	.	..	Jan. 1	Feb. 1	4	18.35	15.10	9.38	.17	43.00	80	34.40	68
69	Erie, Pa.	115,967	144,156,080	100	..	Jan. 6	July 1	..	12.00	13.50	8.00	..	33.50	75	25.13	69
70	Spokane, Wash.[35]	115,514	69,162,756	78	22	Jan. 1	June 1	2	9.20	5.80	6.81	1.59	23.40A	94	22.00	70
71	Fall River, Mass.[36]	115,274	100,141,850	83	17	Jan. 1	Oct. 1	2			.	..	42.00	100	42.00	71
72	Fort Wayne, Ind.	114,946	146,000,000	85	15	Jan. 1	May 4	2	9.07	9.10	3.93	1.50	23.60	80	18.88	72
73	Elizabeth, N. J.	114,589	142,262,880	90	10	Jan. 1	Feb. 1	4	19.37	10.34	5.80	3.09	38.60	100	38.60	73
74	Cambridge, Mass.	113,643	178,307,900		..	Jan. 1	Nov. 2	2	27.63	8.72	1.22	2.93	40.50	100	40.50	74
75	New Bedford, Mass.	112,597	117,394,775	79	21	Jan. 1	Nov. 2	2	28.34	8.70	.90	1.26	39.20	100	39.20	75
76	Reading, Pa.[37]	111,171	170,143,314	100	..	Jan. 6	July 1	1	9.00	12.00	4.55A	N	25.55A	100	25.55	76
77	Wichita, Kans.[38]	111,110	115,048,059	85	15	Jan. 1	Dec. 21	2	10.86	16.95	6.97	2.02	36.80	65	23.92	77

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Installments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
78	Miami, Fla.[39]	110,637	117,004,090	87	13	July 1	June 1	..	26.64	10.25	8.27	1.67	46.83	50	23.42	78
79	Tacoma, Wash.[40]	106,817	52,040,324	77	23	Jan. 1	June 1	2	12.87	6.70	8.95	1.96	30.48A	92	28.04	79
80	Wilmington, Del.[41]	106,597	152,145,668	100	..	July 1	Sept. 1	1	14.50	1.50	4.50	N	20.50	80	16.40	80
81	Knoxville, Tenn.	105,802	128,900,000	88	12	Jan. 1	June 1	4	22.00	4.50	..	..	..	80	..	81
82	Peoria, Ill.	104,969	Not reporting													82
83	Canton, Ohio	104,906	129,639,300	88	12	Jan. 1	Jan. 20	2	5.70	9.05	3.05	N	17.80	100	17.80	83
84	South Bend, Ind.	104,193	Not reporting													84
85	Somerville, Mass.	103,908	115,688,600	94	6	Jan. 1	Nov. 2	10	27.65	8.80	1.26	4.19	41.90	100	41.90	85
86	El Paso, Texas	102,421	81,641,880	80	20	Mar. 1	Mar. 1	2	15.05	7.45	8.00	6.20	36.70	70	25.69	86
87	Lynn, Mass.	102,320	136,487,275	89	11	Jan. 1	Nov. 1	2	22.03	9.57	1.92	1.46	34.98	100	34.98	87
88	Evansville, Ind.	102,249	115,510,780	73	27	Jan. 1	May 4	2	9.70	9.30	9.50	1.50	30.00	100	30.00	88
89	Utica, N. Y.	101,740	132,144,147	97	3	Jan. 1	July 1	2	18.97	8.80	14.89	..	42.66	70	29.86	89
90	Duluth, Minn.[12]	101,463	55,131,807	81	19	Jan. 1	June 1	4	13.26	12.70	6.37	4.79	37.12A	100	37.12	90
91	Tampa, Fla.	101,161	Not reporting													91
92	Gary, Ind.[42]	100,426	127,647,710	90	10	Jan. 1	May 4	2	16.00	12.50	4.40	1.50	34.40	60	20.64	92
93	Lowell, Mass.	100,234	Not reporting													93
	Group IV **Population 50,000 to 100,000**															
94	Waterbury, Conn.	99,902	162,351,021	82	18	Jan. 1	May 1	2	20.57	9.65	.53	.75	31.50	80	25.20	94
95	Schenectady, N. Y.	95,692	155,967,567	100	..	Jan. 1	Jan. 18	4	14.35	10.27	4.98	.17	29.77	100	29.77	95
96	Sacramento, Calif.	93,750	Not reporting													96
97	Allentown, Pa.	92,563	102,573,000	100	..	Jan. 6	July 1	4	12.40	13.00	5.00	N	30.40	75	22.80	97
98	Bayonne, N. J.	88,979	145,825,670	85	15	Jan. 1	Feb. 1	4	22.85	11.86	8.54	2.90	46.15	100	46.15	98
99	Wilkes-Barre, Pa.	86,628	89,973,397	94	6	Jan. 6	July 1	1	13.00	16.50	11.00	N	40.50	60	24.30	99
100	Rockford, Ill.[43]	85,864	52,025,626	78	22	Jan. 1	June 1	2	23.29	18.90	7.08	N	49.27	40	19.71	100
101	Lawrence, Mass.	85,068	Not reporting													101
102	Savannah, Ga.	85,024	61,096,580		..	Jan. 1	June 1	4	23.00	10.00	12.50	5.00	50.50	50	25.25	102
103	Charlotte, N. C.	82,675	105,329,965	74	26	July 1	Nov. 2	12	11.80	3.78	5.12	N	20.70	67	13.87	103
104	**Berkeley, Calif.**[21]	82,109	86,125,160		..	July 1	Dec. 5	2	13.60	17.82	15.18	N	46.60	50	23.30	104
105	Altoona, Pa.[44]	82,054	75,827,021	100	..	Jan. 1	July 1	..	10.00	13.50	5.00A	N	28.50A	70	19.95	105
106	Little Rock, Ark.	81,679	Not reporting													106
107	St. Joseph, Mo.	80,935	Not reporting													107
108	Saginaw, Mich.	80,715	94,315,334	85	15	July 1	Aug. 1	8	10.65	6.77	3.10	N	20.52	100	20.52	108
109	Harrisburg, Pa.	80,339	Not reporting													109
110	Sioux City, Ia.	79,183	85,058,730	80	20	Jan. 1	Apr. 1	2	12.00	17.00	8.50	3.50	41.00	60	24.60	110
111	Lansing, Mich.	78,397	108,416,614	84	16	May 1	...	1	13.80	5.85	3.02	N	22.67	85	19.27	111
112	Pawtucket, R. I.	77,149	Not reporting													112
113	Manchester, N. H.	76,834	85,038,060	81	19	Jan. 1	Sept. 1	..	24.34	6.43	6.65	3.58	41.00	100	41.00	113
114	Binghamton, N. Y.	76,662	104,721,707	100	..	Jan. 1	Feb. 1	2	17.62	10.44	6.59	..	34.65	80	27.72	114
115	Shreveport, La.	76,655	82,604,390	..	..	Jan. 1	Jan. 1	1	14.25	..	..	..	..	67	..	115
116	Pasadena, Calif.[45]	76,086	127,395,310	87	13	July 1	Feb. 5	1	15.20	15.40	14.70	N	45.30	75	33.98	116
117	Lincoln, Neb.	75,933	95,392,270	79	21	Sept. 1	Oct. 1	2	9.80	15.00	4.00	1.76	30.56	80	24.45	117

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Installments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
118	Huntington, W. Va.	75,572	Not reporting													118
119	Niagara Falls, N. Y.	75,460	148,232,831	100	..	Jan. 1	...	1	16.35	9.12	4.25	..	29.72	72	21.40	119
120	Winston-Salem, N. C.[22]	75,274	102,701,000*	..	..	July 1	Mar. 2	1	12.50	..	5.00	N	17.50	65	11.38	120
121	East St. Louis, Ill.	74,347	Not reporting													121
122	Troy, N. Y.	72,763	74,876,237	96	4	Jan. 1	Feb. 1	2	24.50	9.59	12.41	.	46.50	80	37.20	122
123	Quincy, Mass.[46]	71,983	124,161,275	91	9	Jan. 1	Nov. 2	2	24.01	7.56	.93	1.10	33.60	100	33.60	123
124	Springfield, Ill.	71,864	Not reporting													124
125	Portland, Me.	70,810	81,710,525	79	21	Jan. 1	Oct. 2	1	27.76	9.09	1.66	7.09	45.60	100	45.60	125
126	Lakewood, Ohio	70,509	93,596,900	98	2	Jan. 1	Jan. 20	2	9.32	10.76	6.52	N	26.60	75	19.95	126
127	Roanoke, Va.[22]	69,206	61,680,155	94	6	July 1	Dec. 5	4	25.00	..	N	N	25.00	65	16.25	127
128	Springfield, Ohio	68,743	Not reporting													128
129	Mobile, Ala.[23]	68,202	40,884,520	78	22	Oct. 1	Jan. 1	1	7.50	..	.	.	..	60	..	129
130	New Britain, Conn.	68,128	101,543,886	84	16	April 1	June 16	1	14.37*	10.91*	.45*	1.27*	27.00	100	27.00	130
131	East Orange, N. J.	68,020	117,622,244	93	7	Jan. 1	Feb. 1	4	16.70	7.70	4.87	3.03	32.30	100	32.30	131
132	Racine, Wis.	67,542	103,617,061	92	8	Jan. 1	Feb. 1	1	6.34	11.22	6.87	.11	24.54	90	22.09	132
133	Johnstown, Pa.	66,993	78,685,335	93	7	Jan. 6	July 1	4	12.50	13.00	8.00	N	33.50	90	30.15	133
134	Cicero, Ill.	66,602	Not reporting													134
135	Atlantic City, N. J.	66,198	123,440,274	92	8	Jan. 1	Feb. 1	4	20.32	6.60	3.32	2.93	33.17	100	33.17	135
136	Montgomery, Ala.	66,079	Not reporting													136
137	Newton, Mass.[36]	65,276	165,184,900	..	..	Jan. 1	Nov. 1	2	..	..	..	.	28.00	100	28.00	137
138	Covington, Ky.	65,252	55,813,443	93	7	Jan. 1	July 1	2	12.90	11.40	6.00	.50	30.80	65	20.02	138
139	Pontiac, Mich.	64,928	58,602,078	74	26	Jan. 1	Aug. 1	1	10.37	9.82	6.71	N	26.90	100	26.90	139
140	Hammond, Ind.	64,560	86,952,075	77	23	Jan. 1	May 4	2	9.70	11.50	8.30	1.50	31.00	50	15.50	140
141	Topeka, Kans.[47]	64,120	81,931,632	72	28	Jan. 1	Dec. 21	2	16.08	18.40	5.77	2.18	42.43	60	25.46	141
142	Oak Park, Ill.[48]	63,982	41,182,202	85	15	Jan. 1	Sept. 29	2	24.80	33.80	6.10	N	64.70	37	23.94	142
143	Brockton, Mass.	63,797	Not reporting													143
144	Evanston, Ill.	63,338	50,770,372	80	20	July 1	Oct. 1	2	21.70	35.70	5.70	N	63.10	37	23.35	144
145	Passaic, N. J.	62,959	Not reporting													145
146	Terre Haute, Ind.	62,810	53,101,450	74	26	Jan. 1	May 4	2	14.25	14.10	12.75	1.50	42.60	65	27.69	146
147	Glendale, Calif.	62,736	54,749,070	93	7	July 1	Dec. 20	2	13.20	19.90	14.70	N	47.80	50	24.00	147
148	Charleston, S. C.	62,265	16,227,574	70	30	Jan. 1	Oct. 16	..	62.00	24.50	10.00	5.50	102.00	42	42.84	148
149	Wheeling, W. Va.[49]	61,659	105,201,100	55	45	July 1	Dec. 1	2	5.72	7.05	2.93	.69	16.39A	100	16.39	149
150	Mount Vernon, N. Y.	61,499	152,589,080	100	..	Jan. 1	Feb. 1	2	15.31	11.85	6.05	.19	33.40	80	26.72	150
151	Davenport, Ia.	60,751	54,798,443	92	8	April 1	Oct. 1	1	15.00	15.68	9.17	3.50	43.35	60	26.01	151
152	Charleston, W. Va.	60,408	Not reporting													152
153	Augusta, Ga.	60,342	Not reporting													153
154	Lancaster, Pa.	59,949	Not reporting													154
155	Medford, Mass.[36]	59,714	79,713,050	96	4	Jan. 1	Nov. 1	1	..	..	..	..	36.80	100	36.80	155
156	Hoboken, N. J.	59,261	Not reporting													156
157	Chester, Pa.	59,164	54,101,508	100	..	Jan. 6	July 1	.	11.50	13.00	6.13	N	30.63	80	24.50	157
158	Union City, N. J.	58,659	67,426,562	95	5	Jan. 1	Feb. 1	4	26.37	8.91	8.95	3.03	47.26	100	47.26	158
159	Malden, Mass.	58,036	Not reporting													159
160	Madison, Wis.	57,899	120,852,265	93	7	Jan. 1	Jan. 31	7	6.54	8.68	7.85	.43	23.50	95	22.33	160
161	Bethlehem, Pa.	57,892	67,400,723	.	..	Jan. 6	July 1	4	12.00	15.50	14.00	N	41.50	90	37.35	161
162	Beaumont, Texas	57,732	56,664,770	86	14	July 1	Feb. 1	1	16.80	7.20	10.30	6.20	40.50	65	26.33	162

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Install-ments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
163	San Jose, Calif.	57,651	51,117,975	.	..	Dec. 1	Dec. 5	2	12.90	16.32	11.10	N	40.32	50	20.16	163
164	Springfield, Mo.[60]	57,527	37,600,000*	80	20	Jan. 1	**Jan. 1**	**1**	**17.00**	15.40	5.70	1.50	39.60	70	27.72	164
165	Decatur, Ill.	57,510	31,504,572	86	14	May 1	June 1	2	23.80	24.00	6.50	N	54.30	50	27.15	165
166	Irvington, N. J.	56,733	74,784,504	90	10	Jan. 1	Feb. 1	4	14.70	12.70	8.00		35.40	80	28.32	166
167	Holyoke, Mass.	56,537	83,527,180	87	13	Jan. 1	Nov. 1	2	18.39	6.49	1.24	1.38	27.50	100	27.50	167
168	Hamtramck, Mich.	56,268	72,789,875	67	33	July 1	Aug. 20	1	19.20	11.00	4.94	N	35.14	75	26.36	168
169	Cedar Rapids, Ia.	56,097	53,565,961	..	..	April 1	April 1	2	13.50	19.23	9.80	3.50	46.03	48	22.09	169
170	York, Pa.	55,254	48,774,230	100	..	Jan. 6	July 1	1	9.50	18.00	8.00	N	35.50	60	21.30	170
171	Jackson, Mich.	55,187	Not reporting													171
172	Kalamazoo, Mich.	54,786	71,078,935	81	19	Jan. 1	Aug. 1	12	10.72	10.35	3.50	N	24.57	80	19.66	172
173	East Chicago, Ind.	54,784	Not reporting													173
174	McKeesport, Pa.	54,632	54,742,225	100	..	Jan. 6	July 1	..	11.00	15.00	10.63	N	36.63	60	21.98	174
175	New Rochelle, N. Y.	54,000	201,095,740	97	3	Jan. 1	Jan. 31	4	13.50	9.40	5.30	.	28.20	86	24.25	175
176	Macon, Ga.	53,829	38,035,671	85	15	Jan. 1	Jan. 1	3	15.00	9.00	11.00	4.00	39.00	65	25.35	176
177	Greensboro, N. C.	53,659	83,315,303	80	20	July 1	Jan. 1	1	11.10	2.40	7.50	N	21.00	75	15.75	177
178	Austin, Texas	53,120	50,001,750	84	16	Jan. 1	April 1	.	15.50	6.00	8.30	6.20	36.00	67	24.12	178
179	Highland Park, Mich.	52,929	78,976,350	82	18	July 1	...	**2**	**13.10**	**11.60**	4.55	N	29.25	80	23.40	179
180	Galveston, Texas	52,938	Not reporting													180
181	Waco, Texas	52,848	Not reporting													181
182	Fresno, Calif.	52,513	57,982,745	85	15	July 1	Dec. 5	2	14.10	13.55	8.26	N	35.91	60	21.55	182
183	Hamilton, Ohio	52,176	62,913,377	82	18	Jan. 1	Sept. 15	2	7.82	6.63	2.51	N	16.96	70	11.87	183
184	Durham, N. C.	52,037	71,500,000	..	..	July 1	Feb. 1	1	13.50	3.50	5.00	N	22.00	75	16.50	184
185	Columbia, S. C.	51,581	Not reporting													185
186	Cleveland Heights, Ohio	50,945	103,021,860	..	..	Jan. 1	...	2	4.58	13.60	6.52	N	24.70	80	19.76	186
187	Port Arthur, Texas	50,902	27,569,120	83	17	Jan. 1	Dec. 1	2	18.80	6.50	8.60	6.20	40.10	70	28.07	187
188	Dearborn, Mich.	50,358	165,326,654	63	37	July 1	Aug. 20	4	14.93	11.10	4.58	N	30.61	100	30.61	188
189	Kenosha, Wis.	50,262	69,627,190	..	..	Jan. 1	Mar. 1	1	9.54	12.06	4.47	.93	27.00	80	21.60	189
190	Asheville, N. C.	50,193	50,100,000	..	..	July 1	Feb. 2	1	15.40	2.40	9.00	N	26.80	100	26.80	190
191	Pueblo, Colo.	50,096	28,612,510	..	..	Jan. 1	Mar. 1	2	27.00	..	..	.	..	70	..	191
	Group V															
	Population 30,000 to 50,000															
192	Pittsfield, Mass.[22]	49,677	60,521,915	88	12	Jan. 1	Nov. 1	2	33.64	..	2.25	1.61	37.50	100	37.50	192
193	Woonsocket, R. I.[36]	49,376	74,391,700	76	24	Jan. 1	Oct. 11	4	25.00	..			25.00	100	25.00	193
194	Haverhill, Mass.	48,710	53,296,500	87	13	Jan. 1	Oct. 1	2	31.30	7.63	1.09	1.18	41.20	100	41.20	194
195	New Castle, Pa.	48,674	50,873,220	95	5	Jan. 6	July 1	1	11.50	15.00	10.50	N	37.00	100	37.00	195
196	Everett, Mass.	48,424	73,542,200	84	16	Jan. 1	Nov. 1	2	22.89	8.04	1.39	4.08	36.40	100	36.40	196
197	Jackson, Miss.	48,282	38,341,585	86	14	Oct. 1	Feb. 1	3	18.50	8.00	13.00	8.00	47.50	60	28.50	197

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Install-ments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
198	Phoenix, Ariz.	48,118	Not reporting													198
199	Stockton, Cal.[51]	47,963	64,684,955	86	14	Jan. 1	Mar. 1	10	17.60	10.00	15.90	N	43.50	43	18.71	199
200	Brookline, Mass.	47,490	160,217,600	91	9	Jan. 1	Oct. 15	2	15.65	5.00	.67	2.68	24.00	100	24.00	200
201	Elmira, N. Y.	47,397	49,878,780	100	..	Jan. 1	May 16	2	27.40	9.24	1.45		38.09	65	24.76	201
202	Bay City, Mich.	47,355	38,552,103	85	15	July 1	Oct. 1	1	16.41	9.57	7.98	N	33.96	70	23.77	202
203	Berwyn, Ill.	47,027	Not reporting													203
204	Clifton, N. J.	46,875	47,966,588	94	6	Jan. 1	Feb. 2	4	19.36	14.17	6.59	3.18	43.30	100	43.30	204
205	Aurora, Ill.[52]	46,589	32,210,023	81	19	Jan. 1	June 1	2	19.40	23.80	13.20	N	56.40	37	20.87	205
206	Muncie, Ind.	46,548	Not reporting													206
207	Stamford, Conn.	46,346	109,287,160	83	17	Nov. 2	Oct. 1	1	20.56	6.00	.20	.54	27.30	100	27.30	207
208	Waterloo, Ia.	46,191	Not reporting													208
209	Chelsea, Mass.	45,816	46,668,000	90	10	Jan. 1	Nov. 1	2	30.38	8.68	N	4.34	43.40	100	43.40	209
210	Lexington, Ky.	45,736	50,036,442	87	13	Jan. 1	July 1	2	17.40	7.80			.	..	..	210
211	Williamsport, Pa.	45,729	29,215,030			Jan. 6	July 1	4	17.50	22.00	9.50	N	49.00	60	29.40	211
212	Portsmouth, Va.[22]	45,704	32,337,495	91	9	Jan. 1	Dec. 5	1	26.50	..	N	N	26.50	70	18.55	212
213	Jamestown, N. Y.	45,155	62,962,128	100	..	Jan. 1	June 16	1	13.35	10.40	5.50		29.25	70	20.48	213
214	Lorain, Ohio	44,512	70,438,224	85	15	Jan. 1	Jan. 21	2	6.11	7.19	2.00	N	15.30	80	12.24	214
215	Chicopee, Mass.	43,930	41,798,440	87	13	Jan. 1	Nov. 1	2	**24.64**	**13.37**	**1.43**	**1.56**	**41.00**	**100**	**41.00**	**215**
216	Wichita Falls, Texas	43,690	27,000,000*		..	Oct. 1	Jan. 1	2	14.00	10.00	16.00		40.00	67	26.80	216
217	Battle Creek, Mich.	43,573	54,926,150	80	20	July 1	Aug. 21	1	10.40	7.20	4.40	N	22.00	100	22.00	217
218	Perth Amboy, N. J.	43,516	49,073,432	..	..	Jan. 1	Feb. 1	4	27.39	12.60	9.21	3.00	52.20	50	26.10	218
219	Salem, Mass.	43,353	57,157,820	..	..	Jan. 1	Oct. 31	4	22.42	8.97	1.38	1.73	34.50	100	34.50	219
220	Amarillo, Texas	43,132	Not reporting													220
221	Columbus, Ga.[53]	43,131	39,323,537	77	23	Jan. 1	Sept. 1	..	12.00	6.00	6.00	2.25	26.25	65	17.06	221
222	Joliet, Ill.	42,993	20,217,364	80	20	Jan. 1	June 1	2	25.20	32.00	7.60	N	64.80	50	32.40	222
223	Cranston, R. I.	42,991	70,752,590	80	20	Oct. 1	Nov. 18	4	10.92	12.08	N		23.00	90	20.70	223
224	Portsmouth, Ohio	42,560	49,736,930	93	7	Jan. 1	June 20	2	6.54	5.38	9.58	N	21.50	75	16.13	224
225	Lima, Ohio	42,287	47,816,170	90	10	Jan. 1	Sept. 14	2	10.47	6.57	4.96	N	22.00	80	17.60	225
226	Council Bluffs, Ia.	42,048	Not reporting													226
227	Montclair, N. J.	42,017	Not reporting													227
228	Dubuque, Ia.	41,679	Not reporting													228
229	Muskegon, Mich.	41,390	47,258,050	82	18	Jan. 1	Jan. 9	1	10.58	10.12	4.25	N	24.95	100	24.95	229
230	Warren, Ohio	41,062	49,659,509	83	17	Jan. 1	. . .	2	6.50	7.70	3.90	N	18.10	100	18.10	230
231	Kearney, N. J.[22]	40,716	90,034,438	72	28	Jan. 1	. . .	4	26.53		10.74	3.62	40.89	65	26.58	231
232	Fitchburg, Mass.	40,692	50,201,000	80	20	Jan. 1	Nov. 1	2	24.14	7.48	1.22	1.16	34.00	100	34.00	232
233	Lynchburg, Va.	40,661	38,169,371	88	12	Jan. 1	July 1	..	11.50	10.50	N	N	22.00	70	15.40	233
234	St. Petersburg, Fla.	40,425	67,141,325	93	7	Oct. 1	April 1	1	35.69					..	..	234
235	Poughkeepsie, N. Y.	40,288	53,312,711	100	..	Jan. 1	Feb. 16	4	19.41	6.82	7.88	.20	34.31	70	24.02	235
236	Ogden, Utah	40,272	Not reporting													236
237	Oshkosh, Wis.	40,108	45,711,805	90	10	Jan. 1	Mar. 1	2	14.18	11.89	4.73	.40	31.20	93	29.02	237
238	Anderson, Ind.	39,804	Not reporting													238
239	East Cleveland, Ohio	39,667	53,480,730	98	2	Jan. 1	Jan. 20	2	6.68	13.70	6.52	N	26.90	70	18.83	239
240	La Crosse, Wis.	39,614	47,291,504	89	11	Jan. 1	Mar. 1	3	5.94	9.80	12.15	.11	28.00	90	25.20	240
241	Butte, Mont.	39,532	48,408,280	61	39	July 1	Dec. 1	2	12.75	9.60	7.66	1.60	31.61	100	31.61	241
242	Sheboygan, Wis.	39,251	46,778,765	90	10	Jan. 1	Mar. 1	2	18.28	9.57	5.77	.12	33.74	90	30.37	242

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Installments in which City Taxes are **Payable**	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
243	Waltham, Mass.	39,247	not reporting													243
244	Quincy, Ill.	39,241	not reporting													244
245	Meriden, Conn.	38,481	58,446,660	84	16	Jan. 1	May. 6	2	17.70	8.30	.25	.75	27.00	100	27.00	245
246	Bloomfield, N. J.	38,077	68,695,319	90	10	Jan. 1	Feb. 1	4	13.06	12.02	4.88	3.04	33.00	100	33.00	246
247	Rock Island, Ill.	37,953	Not reporting													247
248	Cumberland, Md.[22]	37,747	43,891,642	88	12	April 1	July 25	1	10.20	..	15.00	2.20	27.40	80	21.92	248
249	San Bernardino, Calif.	37,481	Not reporting													249
250	Green Bay, Wis.	37,415	50,941,305	91	9	Jan. 1	Mar. 1	1	11.66	10.34	7.89	.11	30.00	90	27.00	250
251	Raleigh, N. C.[22]	37,379	43,700,000	85	15	July 1	Feb. 1	1	14.00	..	9.50	N	23.50	65	15.28	251
252	Taunton, Mass.	37,355	Not reporting													252
253	Santa Monica, Calif.	37,146	41,565,835	91	9	July 1	Dec. 5	2	27.80	16.20	12.70	N	56.70	50	28.35	253
254	West New York, N. J.	37,107	48,280,164	92	8	Jan. 1	Feb. 1	4	21.19	15.17	8.94	2.95	48.25	60	28.95	254
255	Hazelton, Pa.	36,765	29,423,205	..	..	Jan. 6	July 6	1	18.50	24.00	7.30	N	49.80	50	24.90	255
256	Danville, Ill.	36,765	21,146,107	78	22	May 1	May 1	2	19.41	20.00	7.50	N	46.91	45	21.11	256
257	High Point, N. C.	36,745	Not reporting													257
258	Auburn, N. Y.	36,652	52,078,710	100	..	July 1	Aug. 1	2	16.67	5.31	5.28	..	27.26	100	27.26	258
259	Zanesville, Ohio	36,440	Not reporting													259
260	Superior, Wis.[36]	36,113	44,019,642	87	13	Jan. 1	Oct. 1	1	..	..	..	..	43.00	80	34.40	260
261	Arlington, Mass.[36]	36,094	58,889,250	95	5	Jan. 1	Nov. 1	2	..	..	..	..	34.00	100	34.00	261
262	Norwalk, Conn.[36]	36,019	65,052,245	85	15	Sept. 1	....	2	..	..	..	..	22.00	80	17.60	262
263	Elgin, Ill.	35,929	21,310,684	79	21	Jan. 1	June 1	2	19.10	18.80	7.80	N	45.70	40	18.28	263
264	Norristown, Pa.	35,853	25,082,585	92	8	Dec. 1	Aug. 31	.	14.00	20.00	4.00	N	38.00	67	25.46	264
265	White Plains, N. Y.	35,830	157,753,400	100	..	Jan. 1	Feb. 1	2	8.96	8.12	4.91	..	21.99	85	18.69	265
266	Revere, Mass.	35,680	Not reporting													266
267	Steubenville, Ohio	35,442	50,858,450	90	10	Jan. 1	Jan. 20	2	4.30	7.70	2.00	N	14.00	80	11.20	267
268	Orange, N. J.	35,339	46,414,253	94	6	Jan. 1	Feb. 1	4	21.11	9.18	5.05	2.86	38.20	85	32.47	268
269	Alameda, Calif.[21]	35,033	32,148,224	86	14	July 1	Dec. 5	2	13.47	11.25	20.58	N	45.30	50	22.65	269
270	Lewiston, Me.	34,948	31,098,370	75	25	Mar. 1	Nov. 25	..	18.00	7.00	2.00	9.00	36.00	50	18.00	270
271	Watertown, Mass.	34,913	52,756,275	91	9	Jan. 1	Nov. 1	2	20.07	8.02	1.40	3.91	33.40	100	33.40	271
272	Amsterdam, N. Y.	34,817	28,162,826	.	..	Jan. 1	May 21	..	18.40	24.62	10.89	..	53.91	55	29.65	272
273	West Allis, Wis.	34,671	51,192,719	83	17	Jan. 1	Mar. 1	..	11.91	14.93	6.35	..	33.19	80	26.55	273
274	New Brunswick, N. J.	34,555	41,689,392	93	7	Jan. 1	Feb. 1	4	18.40	10.00	9.20	3.00	40.60	60	24.36	274
275	Easton, Pa.[54]	34,468	43,985,455	100	..	Jan 1	July 1	4	12.00	14.50	9.80A	N	36.30A	100	36.30	275
276	Plainfield, N. J.	34,422	60,172,237	90	10	Jan. 1	Feb. 1	4	15.99	11.31	5.80	3.00	36.10	80	28.88	276
277	Newport News, Va.	34,417	34,115,647	87	13	Jan. 1	Dec. 6	1	15.37	13.80	N	N	29.17	50	14.59	277
278	Santa Barbara, Calif.	33,613	47,006,500	..	..	July 1	....	2	14.50	..	..	..	..	..	..	278
279	Paducah, Ky.	33,541	18,095,515	..	..	Jan. 1	July 1	2	17.80	9.80	..	..	..	..	..	279
280	Mansfield, Ohio	33,525	46,918,665	..	..	Jan. 1	April 1	2	5.20	7.90	2.30	N	15.40	90	13.86	280
281	Joplin, Mo.	33,454	21,167,925	..	..	Jan. 1	Jan. 1	1	16.00	17.60	6.80	1.50	41.90	50	20.95	281
282	Waukegan, Ill.	33,499	Not reporting													282
283	Norwood, Ohio	33,411	Not reporting													283
284	Sioux Falls, S. Dak.	33,362	Not reporting													284
285	Colorado Springs, Colo.	33,237	28,608,880		..	Jan. 1	Aug. 1	2	14.70	22.64	6.60	3.00	46.94	75	35.21	285
286	Elkhart, Ind.	32,949	35,997,000	75	25	Jan. 1	Nov. 3	2	7.00	9.90	8.80	1.50	27.20	75	20.40	286
287	Kokomo, Ind.	32,843	Not reporting													287

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Installments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
288	Laredo, Texas	32,618	Not reporting													288
289	Tucson, Ariz.	32,506	21,067,620	..	..	July 1	Nov. 2	2	20.96	16.05	20.48	5.00	62.49	50	31.25	289
290	Richmond, Ind.	32,493	Not reporting													290
291	Rome, N. Y.	32,338	29,231,983	100	..	Jan. 1	May 1	2	17.28	10.78	9.62		37.68	70	26.38	291
292	Wilmington, N. C.	32,270	35,561,117	86	14	July 1	Feb. 1	4	14.00	2.00	5.50	N	21.50	100	21.50	292
293	Moline, Ill.	32,236	20,967,028	75	25	Apr. 1	June 1	2	14.30	26.20	7.50	N	48.00	33	15.84	293
294	Watertown, N. Y.	32,205	47,812,407	100	..	July 1	Aug. 1	1	12.30	9.00	6.75	..	28.05	94	26.37	294
295	Muskogee, Okla.	32,026	Not reporting													295
296	Meridian, Miss.	31,954	20,814,451	72	28	Oct. 1	Feb. 1	3	14.00	12.00	21.30	..	47.30	75	35.48	296
297	Pensacola, Fla.	31,579	Not reporting													297
298	Nashua, N. H.[22]	31,463	36,387,425	88	12	Jan. 1	Dec. 1	..	26.30	..	5.50	3.00	34.80	100	34.80	298
299	Fort Smith, Ark.	31,429	Not reporting													299
300	Port Huron, Mich.	31,361	Not reporting													300
301	Newburgh, N. Y.	31,275	41,046,200	100	..	Jan. 1	April 24	1	13.80	8.18	10.08	..	32.06	83	26.61	301
302	Marion, Ohio	31,084	Not reporting													302
303	Bloomington, Ill.	30,930	Not reporting													303
304	Hagerstown, Md.	30,861	38,067,000		..	Apr. 1	Sept. 1	..	8.50	7.05	3.55	2.20	21.30	100	21.30	304
305	Bellingham, Wash.[35]	30,823	13,436,697	73	27	Jan. 1	Mar. 6	2	10.21	4.97	7.79	1.92	24.89A	82	20.41	305
306	Baton Rouge, La.	30,729	Not reporting													306
307	Newark, Ohio	30,596	28,286,110	90	10	Jan. 1	Dec. 20	2	7.85	8.85	3.00	N	19.70	80	15.76	307
308	Everett, Wash.[35]	30,567	14,101,147	79	21	Jan. 1	May 31	2	18.45	6.00	6.54	1.81	32.80A	88	28.86	308
309	Santa Ana, Calif.	30,322	24,017,940	90	10	July 1	Dec. 5	2	18.70	17.40	7.40	N	43.50	40	17.40	309
310	Alton, Ill.	30,151	16,653,378	.	..	Apr. 1	June 1	2	15.50	20.80	6.90	N	43.20	50	21.60	310

No.	City	Population	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes are Subject to Penalty	No. of Installments in which City Taxes are Payable	Tax Rate per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment				Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	Province	Total			
	Canadian Cities														
1	Montreal, Que.[55]	818,577	931,373,644	100	..	May 1	Oct. 1	1	17.68	12.00	N	29.68	100	29.68	1
2	Toronto, Ont.[56]	626,674	980,010,002	100	..	Jan. 1	June 15	3	24.35	10.50	N	34.85	90	31.37	2
3	Vancouver, B. C.[57]	246,593	313,460,102	100	..	Jan. 1	Jan. 1	..	20.89	8.96	..	29.85A	100	29.85	3
4	Winnipeg, Man.[58]	218,785	198,328,600	100	..	Jan. 1	Oct. 1	1	14.05	11.46	.78	26.29A	100	26.29	4
5	Hamilton, Ont.[59]	153,507	164,563,782	100	..	Jan. 1	April 17	4	26.00	13.25	N	39.25	100	39.25	5
6	Quebec, Que.[60]	130,594	117,210,602	100	..	May 1	Nov. 1	..	26.30	10.00	N	36.30	80	29.04	6
7	Ottawa, Ont.[61]	126,872	152,134,826	100	..	Jan. 1	June 19	2	27.76	11.24	N	39.00	100	39.00	7
8	Calgary, Alta.[62]	83,761	57,616,900	100	..	Jan. 1	Aug. 18	1	21.18	14.49	N	35.67A	100	35.67	8
9	Edmonton, Alta.[63]	79,197	54,000,865	100	..	Jan. 1	May 16	4	19.60	18.90	N	38.50A	100	38.50	9
10	London, Ont.	71,148	83,192,803	100	..	Jan. 1	June 18	3	24.75	14.75	N	39.50	86	33.97	10
11	Windsor, Ont.	63,108	92,379,240	100	..	Jan. 1	Jan. 1	5	29.00	15.00	N	44.00	100	44.00	11
12	Verdun, Que.[64]	60,745	42,545,250	100	..	Jan. 1	Jan. 1	1	15.00	10.00	N	25.00	80	20.00	12
13	Halifax, N. S.[65]	59,275	58,263,905	100	..	May 1	Sept. 1	2	22.60	11.70	1.00	35.30	80	28.24	13
14	Regina, Sask.[66]	53,209	42,554,530	100	..	Jan. 1	Jan. 1	2	14.82	11.00	1.18	27.00A	100	27.00	14
15	St. John, N. B.[67]	47,514	46,348,000	100	..	Jan. 1	Nov. 13	3	10.60	15.00	11.20	36.80	100	36.80	15
16	Saskatoon, Sask.[68]	43,291	33,605,986	100	..	Jan. 1	Dec. 1	2	14.72	18.52	1.72	34.96A	100	34.96	16
17	Victoria, B. C.[69]	39,082	47,638,276	100	..	Jan. 1	Oct. 2	..	25.27	8.66	N	33.93	100	33.93	17
18	Three Rivers, Que.	35,450	Not reporting												18

*=Estimated. N=None.
A=Denotes adjustment to 100 per cent basis.

[1] **New York.** The official compilation gives a single rate of $27.00 for city, school, and county purposes; the separate rates here given are in proportion to appropriations. Varying rates are levied on the five boroughs for local improvements, the rate shown being for the borough of Manhattan. The estimated ratio of assessed value to legal basis is from the state board of equalization.

[2] **Chicago.** The figures given are for 1935 valuation and tax levies payable late in 1936. The city rate includes sanitary district rate $6.70; park district rate $9.80; and debt levy of old south park district, $.10. County rate includes forest preserve district, $.40. There is no state tax in Illinois on general property.

[3] **Philadelphia.** The city rate includes cost of county government, which is consolidated with the city. The city rates given are on city realty (comprising 94.9 per cent of all realty); suburban realty (4.8 per cent of all realty) is taxed at two-thirds, and farm realty (.3 per cent) at one-half the rate on city realty—except that property in independent poor districts (having local poor rates of 30 to 60 cents per $1,000) is relieved of such poor tax. The school rate is uniform for all realty but is not levied on personal property. Personalty, comprising money and vehicles to hire, is taxed at 4 mills for city-county purposes and not at all for schools. There is no state tax in Pennsylvania on real property, but beginning in 1936 personal property taxable for city-county purposes is taxed for state purposes at the rate of 1 mill per dollar of value.

[4] **Detroit.** There is no state tax on real property in Michigan.

[5] **Los Angeles.** City rate includes metropolitan water district, $3.70. County rate includes flood control, $2.00. Valuation reported excludes solvent credits and securities. There is no state tax on real estate in California.

[6] **Cleveland.** For all Ohio cities, realty assessment includes public utilities valuation. Tangible personalty (included in valuation reported) is taxed at same rate as realty, but for only a percentage of its value; intangible personalty (not included in valuation reported) is taxed on either income or valuation at classified rates. There is no state tax in Ohio on property.

[7] **Baltimore.** There is no county rate. There are four rates on real property—full, suburban, rural, and new annex; all rates at less than full rate are increasing to reach full rate in 1939. Personalty is taxed at classified rates, $604,191,720 of the amount reported being taxed at 18¾ cents to $1.00. Personalty of manufacturers is exempt.

[8] **Pittsburgh.** The city rate upon improvements is one-half the full rate of $20.60 upon land, the weighted average rate being shown. Machinery is exempt.

[9] **San Francisco.** City is combined with county. Valuation reported excludes solvent credits, $161,392,659 taxable at 1 mill. Stocks and bonds are no longer taxable.

[10] **Milwaukee.** City rate includes metropolitan sewer district rate of $2.02.

[11] **Washington.** Appropriations for the District of Columbia are made by Congress, **a lump sum of about $5,707,500 thereof being paid by the federal treasury. In**tangible personalty (not included in valuation reported) is taxed at one-half of one per cent; banks, trust companies, and utilities are taxed at various rates upon earnings or receipts. City rate includes school rate.

[12] **Minneapolis, St. Paul, Duluth.** Minnesota statutes provide for five classes of property, assessed at varying bases of true value. Platted real estate is assessed at 40 per cent, except first $4000 of homesteads, at 25 per cent; unplatted real estate is assessed at 33 1/3 per cent, except first $4000 of homesteads, at 20 per cent; iron ore at 50 per cent; and personalty, in three classes at 10, 25, and 33 1/3 per cent, respectively. The average valuation for all classes for Minneapolis is 36.09 per cent, for St. Paul 38 per cent, and for Duluth 35.9 per cent; the rates shown are the actual rates adjusted to a uniform 100 per cent basis upon these percentages. The valuation shown is actual, rather than adjusted to 100 per cent of true value. Money and credits (not included in valuation reported) are taxed at 3 mills.

[13] **New Orleans.** The city and school rates shown are the actual rates adjusted to a uniform 100 per cent basis, the legal basis being 85 per cent of true value. Parish (county) rate is for levee district and flood reparation.

[14] **Newark.** In New Jersey cities, the state rate includes a school tax ($2.75 per $1000 on prior years valuation) which is returned to local school units.

[15] **Kansas City.** The valuation reported is for city purposes; this valuation is approximately 7.5 per cent less than that for school, county, and state purposes; these three rates are adjusted to a uniform 100 per cent basis upon the valuation reported.

[16] **Seattle.** The legal basis of assessment in Washington is 50 per cent; the rates reported are adjusted to a uniform 100 per cent basis. The county rate includes port, 25 cents (adjusted from 50 cents levied).

[17] **Indianapolis.** City rate includes $2.50 township rate.

[18] **Louisville.** Shares of stock of banks, trust, and life insurance companies (not included in valuation reported) are taxed $2 for city and $4 for schools.

[19] **Portland.** City rate includes port $1.50, and dock $2.27. County rate includes county school, $2.51, and library, $.87. State levy includes school levy, $2.10, which is returned to school districts of county. Valuation reported includes total utility valuation of public service companies assessed by the state, 15.04 per cent.

[20] **Denver.** City rate includes cost of county government, which is consolidated with city.

[21] **Oakland, Berkeley, Alameda.** County rate includes East Bay Water District rate, $2.90, and park district, 40 cents.

[22] **Atlanta, Syracuse, Norfolk, Albany, Winston-Salem, Roanoke, Pittsfield, Portsmouth, Va., Kearney, Cumberland, Raleigh, Nashua.** City rate includes school rate.

[23] **Birmingham, Mobile.** The legal basis of assessing in Alabama is 60 per cent; the rates are the actual rates adjusted to a uniform 100 per cent basis.

[24] **Memphis.** City rate includes park rate, $1.10, and library rate, $.30.

[25] **Providence.** There is no county government in Rhode Island. Intangible personalty (not included in valuation reported) is taxed $4 per $1000 valuation.

[26] **Dayton.** City rate includes flood control, $3.15; county rate includes flood control, 41 cents.

[27] **Oklahoma City, Tulsa.** There is no state tax in Oklahoma on property.

[28] **Richmond.** The cities of Virginia are autonomous, having no county government. There is no state tax in Virginia on property subject to local taxation. The rates given are levied on realty and tangible personalty; machinery, assessed at approximately $12,000,000 (not included in valuation reported), is taxed $6 per $1000 valuation for city purposes.

[29] **Fort Worth.** City rate includes water conservation, $3.60.

[30] **Scranton.** The city rate upon improvements is one-half the full rate of $22.22 upon land, the weighted average rate being shown.

[31] **Des Moines.** Money and credits, $27,574,038 (not included in valuation shown), are taxed 6 mills.

[32] **Long Beach.** County rate includes flood control, $1.90. City rate includes metropolitan water district, $2.00.

[33] **Salt Lake City.** City rate includes metropolitan water district, $.38.

[34] **Trenton.** City rate includes school debt service.

[35] **Spokane, Bellingham, Everett.** See note 16 re legal basis of assessment and adjusted rates reported.

[36] **Fall River, Newton, Medford, Woonsocket, Superior, Arlington, Norwalk.** Single rate for city, school, county, and state.

[37] **Reading.** The county also levies a tax of 7 mills on occupations and on personal

property. County rate is adjusted to reflect separate county assessment which is approximately 65 per cent of city assessment.

[38] **Wichita.** Money and credits $20,739,793 (not included in valuation shown) are taxed 5 mills.

[39] **Miami.** Assessed value does not include $21,605,320 homesteads exempted from all taxes except debt service.

[40] **Tacoma.** See note 16 re legal basis of assessment and adjusted rates shown. City rate includes park rate, $1.00 (adjusted from $2.00), and county rate includes port rate, $1.13 (adjusted from $2.25).

[41] **Wilmington.** Total valuation includes $3,283,475 taxed for city and school purposes at only one-half the rate shown. There is no state tax in Delaware on property.

[42] **Gary.** Tentative 1936 assessment and rates payable in 1937.

[43] **Rockford.** City rate includes town, $.70; sanitary sewer district, $5.20; park, $1.50; pauper relief, $3.10. County rate includes road and bridge, $2.50.

[44] **Altoona.** County rate is on a separate valuation, approximately two-thirds of city's; county rate is adjusted to uniform 100 per cent basis.

[45] **Pasadena.** City rate includes metropolitan water district, $3.00. County rate includes flood control, $2.00.

[46] **Quincy.** City rate includes debt service of loans for construction of schools.

[47] **Topeka.** Assessment includes $13,306,938 intangibles taxed at 5 mills.

[48] **Oak Park.** City rate includes sanitary district, $6.70; driveway maintenance, $.50; and park district, $2.60. County rate includes forest preserve, $.40.

[49] **Wheeling.** The West Virginia statutes provide for three classes of property, taxed at varying rates: real estate, personal tangibles, and public utilities, taxed at full rate; homes occupied by owner, taxed at one-half rate; and money, personal intangibles, **live stock, and farm machinery, taxed at one-fourth the full rate;** the rates shown are the actual rates adjusted to a uniform 100 per cent basis according to the percentage of assessment of each class of property.

[50] **Springfield, Mo.** County rate includes road and bridge, $2.20.

[51] **Stockton.** County rate includes port district, $2.90.

[52] **Aurora.** City rate includes sanitary district, $4.00. County rate includes roads, $2.00; and forest, $.30. There are two school districts with rates of $23.80 and $20.00 per $1000 respectively.

[53] **Columbus.** County and state accept realty at 75 per cent of city assessment, these rates being adjusted to this percentage.

[54] **Easton.** Assessment for county purposes within city is 70 per cent of city assessment. County rate has been adjusted for this.

[55] **Montreal.** The Catholic school rate is $7, the Protestant rate $10, and the neutral school rate $12, the last being reported. A special tax not exceeding 6 per cent is imposed on vacant lots in front of which water pipes are laid, and business premises pay a tax of 8½ per cent on annual rental.

[56] **Toronto.** Realty valuation includes 11.7 per cent business and 3.6 per cent income. The school rate reported is public school; the separate school rate is $15.05.

[57] **Vancouver.** Land is assessed at 100 per cent, improvements at 50 per cent; the ratio of ratable assessment is 72.2 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis. Taxes are subject to 9 per cent rebate if paid before August 3.

[58] **Winnipeg.** Land is assessed at 100 per cent, buildings at 66 2/3 per cent; the ratio of ratable assessment is 76.2 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

[59] **Hamilton.** Realty valuation includes 9.7 per cent business and income. The school rate reported is public school; the separate school rate is $15.25.

[60] **Quebec.** City rate includes $5 for water paid by property exempt from other taxes. The school rate reported is Protestant and neutral rate; the Catholic rate is $9.50.

[61] **Ottawa.** Realty valuation includes 9.6 per cent business and income.

[62] **Calgary.** Realty valuation includes 3.1 per cent franchises. Land is assessed at 100 per cent, buildings at 50 per cent; the ratio of ratable assessment is 63.7 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis. An additional tax of $4.00 on land only is assessed for provincial purposes.

[63] **Edmonton.** Land is assessed at 100 per cent, commercial buildings at 60 per cent, and residential buildings at 50 per cent; the ratio of ratable assessment is approximately 70 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

[64] **Verdun.** School rate reported is Protestant rate; Catholic school rate is $8, and neutral school rate, $12.

[65] **Halifax.** Realty assessment includes 13 per cent business and 5 per cent income.

[66] **Regina.** Land is assessed at 100 per cent, buildings at 30 per cent; the ratio of ratable assessment is 54 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis. The school rate shown is public school; the separate school rate is $14.53 (adjusted from actual rate of $26.90).

[67] **Saint John.** Realty assessment includes 24.64 per cent income and 10.76 per cent business.

[68] **Saskatoon.** Land is assessed at 100 per cent, improvements 60 per cent; the ratio of ratable assessment is 77.6 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

[69] **Victoria.** Land is assessed at 100 per cent; improvements at 60 per cent; the ratio of ratable assessment is 75.4 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

RECENT NEWS REVIEWED

NOTES AND EVENTS

Edited by H. M. Olmsted

New York City Achieves a Modern Charter.—Although last June the opinion was widespread in New York that the fine work of the Charter Revision Commission could not be successful, because of the opposition of the politicians and those in the outlying boroughs who opposed any further centralization of the city government, the election proved otherwise.

The Commission felt strongly that it should not manage the campaign for the charter, although its members were ready to cooperate individually with any organization which would do so. In July, therefore, the Citizens' Charter Campaign Committee, previously mentioned in these columns, was organized, and at the same time a separate committee, of which Dr. Henry Moskowitz became chairman and Dr. George H. Hallett, Jr., manager, was created to conduct the campaign for proportional representation, which had to be submitted as a separate question. Interest in the two questions was stimulated by means of newspaper publicity, radio broadcasts, meetings, and distribution of literature.

All but one of the metropolitan newspapers, several borough newspapers, and most of the foreign language press supported the charter and P.R., and all newspapers gave very generous treatment in their news columns to both questions. One hundred and six radio broadcasts were delivered and were very effective in arousing interest. Volunteer speakers were secured, were given instruction in classes, and addressed 617 meetings of all manner of organizations, for which arrangements were made by a joint speakers' bureau. The chief pieces of campaign literature were eight-page leaflets, three and one-half by six inches, illustrated with original cartoons. In addition there were special leaflets relating to the outlying boroughs, labor, and civil service employees. About a million and a half pieces of campaign literature about the charter were distributed, and about a half million on P.R. Approximately nine hundred leading citizens sponsored the campaign by joining a general committee organized on a borough basis, and four borough offices were opened.

The opposition relied heavily upon the law suit brought against the charter referenda on the ground of illegal delegation of legislative authority; but when the Court of Appeals decided unanimously against this plea early in October the opposition organized their campaign along the same lines as the proponents. Propaganda was circulated vigorously and in many cases was based on inaccurate and misleading statements. These tactics made some progress with municipal employees but was generally ineffective elsewhere. As the election approached the success of the charter seemed assured; but more doubt was felt as to the success of proportional representation because it was recognized that this question was comparatively new to many of the voters and more difficult to explain simply than the charter issue. The fact that P. R. obtained a majority of 367,969 out of 1,478,403 total votes, while the charter majority was 349,447 out of a total of 1,555,591, is probably accounted for by the fact that some of the radical groups and some of the "borough autonomists" in the city opposed the charter but favored P. R.

The result gives New York, for the first time in its history, a home rule charter and a well drawn modern document to replace a thirty-nine-year-old charter, already obsolete; and domination of city policies by party machines is for the first time in generations seriously threatened through the adoption of proportional representation.

George H. McCaffrey,
Assistant Campaign Manager
Citizens' Charter Campaign Committee

*

Detroit Defeats Ward-Council Plan.—The voters of Detroit, Michigan, on November 3 overwhelmingly defeated a proposal to establish a city council of fifteen members, each to be elected from a ward, and to reduce the power and responsibility of the mayor. This is the fourth time that efforts have been defeated to substitute a similar plan for the present charter, which was adopted in 1918 and is of the strong-mayor type, with a council of nine elected at large.

*

Interstate Town Report Competition.—The Vermont State Chamber of Commerce, which has been active in stimulating the preparation of better annual municipal reports in that state, proposed to the town report competition committee of the Maine Municipal Officers and Assessors Association that an interstate town report competition between the towns of Maine and of Vermont be arranged for the year 1937, and that the governor of Rhode Island and the members of the Rhode Island Tax Commission be invited to serve as judges. This challenge was accepted by the Maine association at its annual meeting, October 29, at which awards were made to twenty-four municipalities in that state, in various population groups, for the best reports for 1936, as determined by a committee headed by Governor Wilbur L. Cross of Connecticut.

*

Council-Manager Plan Developments.—On November 3 Sandusky, Ohio (24,622), rejected a proposal to change its form of government from council-manager to mayor-council by a vote of 5,428 to 3,585. On the other hand, the following cities defeated proposals for council-manager charters: North Adams, Massachusetts (21,621), 3,185 to 5,059; Owensboro, Kentucky (22,765), 3,421 to 4,347; and Pomona, California (20,804), 3,924 to 4,996. Roanoke County, Virginia, did not vote, as had previously been expected, on the adoption of a county-manager charter, but plans to do so next spring.

On November 19 the voters of Yonkers, New York (134,646), defeated a proposal to adopt the manager plan. The vote was 13,172 to 17,678, less than half the eligible voters casting a ballot.

City and county managers from twenty-eight states and Canada gathered at Richmond, Virginia, October 19 to 21 in their twenty-third annual conference, to the number of 142, exceeding the previous high of 106 in 1935. To meet with them came 174 other persons, including a large number of federal, state, and municipal officials. Round table sessions were held on such widely diversified subjects as difficult administrative problems, management techniques, personnel administration, relief and public works, and municipal finance. Of special interest were the breakfast sessions by population groups at each of which a wide range of problems was discussed informally.

The executive director reported that *Public Management,* the Association's official journal, had reached its largest paid circulation; that the Association now had available four of its series of extension courses in municipal administration; and that the number of city manager members had reached a new high of 278 during the year.

*

Civil Service Measures Approved and Defeated.—Six cities and one county in the country approved civil service proposals on November 3, according to the Civil Service Assembly of the United States and Canada. In two states—California and Washington—civil service measures affecting cities and counties were defeated.

Muskegon, Michigan (population 41,390) voted to place nearly all municipal employees under a civil service system. Two other Michigan cities—Adrian (13,064) and Ypsilanti (10,143)—voted three to one to hire firemen by civil service. Dearborn (50,348) voted to consolidate its two civil service commissions into one commission.

The city of Rahway and the county of Camden voted to come under the New Jersey state civil service law, thus providing that in the future their employees will be examined and approved by the state civil service commission. Since the passage of the New Jersey law in 1908, twenty-one local governments, including these two, have adopted civil service.

Astoria, Oregon (10,349), adopted a proposal for the selection of firemen by civil service rules instead of by appointment.

The California proposal, an initiative measure, would have extended civil service to every county and city in the state with a population over a thousand. It had been opposed by public personnel officers and other local government officials, who saw in it a step backward from existing civil service practices and provisions, which would have been repealed by the new law. California, by popular vote last year, strengthened and revised its state civil service system.

Washington's proposed act, which would have made civil service mandatory in the counties, cities, ports, school and park districts, and public libraries, was opposed by the cities mainly on the ground that it affected municipal home rule.

*

Junior Chamber of Commerce Prepares City Planning Exhibit.—Material gathered from cities and towns throughout the country by the Junior Chamber of Commerce of the United States will be consolidated into a huge exhibit on city planning, in connection with the city planning show to be held in New York City in February 1937. The exhibit will be sponsored by Mayor LaGuardia's committee on city planning. Coöperation in this project, as announced in the American Society of Planning Officials' *News Letter,* marks the beginning of an educational program devised by the Junior Chamber of Commerce to promote the understanding of city planning by the business man and taxpayer; and branches in every city are being invited to participate by preparing for the New York exhibition materials pertaining to what has been done, is being or should be accomplished in the way of city planning in their respective localities. The material will be assembled and arranged in New York with the assistance of the Municipal Art Society and others. William Exton, Jr., is the executive officer of the national city planning committee of the United States Junior Chamber of Commerce in charge of the exhibition program.

*

Mayors Meet in Washington.—The United States Conference of Mayors met in Washington, D. C., during the third week of November, and were assured by federal officials that the government will not cease its spending efforts to keep alive the emergency organizations dealing with the unemployment problem. Mayor F. H. LaGuardia of New York City was re-elected president of the conference in recognition of his active and able work in connection with that organization.

*

Impediments to Municipal Career Service.—A recent report of the Committee on Local Government Career Service, of the International City Managers' Association, lists nine outstanding obstacles to the development of municipal administration as a career to attract real ability:

1. Local residence restrictions;
2. Restriction of careers to single departments and bureaus;
3. Low standards of educational and age qualifications;
4. The "charity concept" of the public payroll for the benefit either of party workers or the local unemployed;
5. Niggardly salary standards;
6. Lack of organized personnel administration;
7. Failure to give more than passing consideration to important personnel problems such as discipline of employees, employee-administrator coöperation through employee organizations, physical, social and other conditions of employment, and in-service training opportunities;
8. Low prestige of the municipal service, as compared not only with private employment but also with the state and federal services;
9. Little thought and research given to career service at the local government level.

To overcome these obstacles the committee proposes a program in which the public, city administrators, and professional organizations play a part.

The public, says the committee, should be educated not only by national groups seeking better government personnel in general, but by local civic groups. Laymen and administrators alike must be led to recognize the need for a comprehensive system of hiring public employees that includes much more than mere civil service, with its original selection and job classification schemes. The public also must realize that in hiring and promoting employees the city is purchasing services for which it should expect full value and is not distributing relief. Professional organizations of public officials—finance officers, public works engineers, welfare administrators—need to become more active in raising professional standards, in providing training opportunities, and in making department heads and general administrators aware of their duty to help establish a career service. Apprenticeship opportunities in government are needed.

The committee members who made the report include: R. M. Dorton, city manager of Long Beach, California, chairman; G. Lyle Belsley, executive director of the Civil Service Assembly of the United States and Canada; F. R. Buechner, city manager of Piqua, Ohio; Louis Brownlow, director of Public Administration Clearing House; John M. Gaus, professor of political science, University of Wisconsin; Luther M. Gulick, director of the Institute of Public Administration, New York City; C. W. Ham, executive director of the American Municipal Association; C. A. Harrell, city manager of Binghamton, New York; Charles E. Merriam, chairman of the department of political science of the University of Chicago; Neville Miller, mayor of Louisville, Kentucky; William E. Mosher, dean of the School of Citizenship and Public Affairs of Syracuse University; and Leonard D. White, United States Civil Service Commissioner.

*

Nebraska Elects Its Single-House Legislature.—On November 3 Nebraska elected forty-three legislators by nonpartisan ballot to its first unicameral legislature which will replace a lower house of one hundred members and a senate of thirty-three. According to Roland M. Jones, in the New York *Times* of November 29: "Current comment on the personnel of the new body is that the experiment begins with one prediction for it fulfilled for the present. In point of average ability and active interest in their job, opinion is that it grades much higher than recent legislatures. Thirty-two of the forty-three members have had previous legislative experience, and, according to one commentator, are the cream of the crop." The new legislature will sit for the first time on January 5.

*

New York to Hold Constitutional Convention.—As the result of action by the electorate of the state of New York on November 3 delegates to a constitutional convention for that state will be chosen next fall, the convention to assemble in the state capitol at Albany on April 6, 1938. The last similar convention was held in 1915. The revised constitution prepared at that time failed of popular approval, but various of the important reforms proposed were later adopted as amendments.

*

West Virginia Adopts a Home Rule Amendment.—At the recent election the people of West Virginia ratified a home rule amendment to the state constitution. Under its provisions the electors of any municipality of two thousand population or over is granted the "power and authority to frame, adopt, and amend" its charter. Enabling legislation, to put the amendment into operation, is now being planned for introduction into the next session of the legislature.

*

Social Security Measures Approved in Five More States.—State constitutional changes designed to make possible participation in the federal social security program were approved in five states at the November 3 election. They were Colorado, Florida, Kansas, Louisiana, and South Carolina. Three other states—Nevada, Oregon, and Washington—with questions involving social security up for vote, defeated the measures. The Oregon amendment, if passed, however, would have resulted in withdrawal of the state from coöperation with the national social security act.

All of the five approved amendments concerned old-age assistance. Kansas, in addition, considered and approved an amendment dealing with unemployment compensation. Louisiana's proposition included mothers' and children's aid and welfare, unemployment compensation, and assistance to the blind. South Carolina's amendment gave the legislature power to enact social security legislation.

The Colorado amendment reduced the minimum age limit for old-age assistance eligibility from sixty-five to sixty, five years below the federal requirement. The essential feature of the new provision is that the pension is granted more as a matter of right than in other states, where need is the basis. A mandatory grant of $45 per month is provided, $15 of which is repayable by the federal government. The former pension law is liberalized by the new amendment, so that pensioners who may receive money after being on state-aid rolls are not liable for repayments to the state.

The November elections have had the result of placing social security on a firmer basis in the states. According to the American Public Welfare Association, all states are now receiving grants under some provision of the social security act. Thirty-nine states have federally approved plans for old-age assistance, twenty-two for aid to the blind, and twenty-three for aid to dependent children. In addition, fourteen states and the District of Columbia now have federally approved unemployment compensation laws.

*

Coöperation Between Federal and State Employment Services.—Thirty-seven states are now coöperating with the United States Employment Service, in the Department of Labor, in the task of supplying workers for jobs and jobs for workers, according to W. Frank Persons, director of the Service, writing in *Public Welfare News,* bulletin of the American Public Welfare Association. Five additional states have passed legislation enabling them to take advantage of the provisions of the Wagner-Peyser act, which provides for a nation-wide network of employment offices financed and operated on a coöperative basis by the states and the federal government. Director Persons sees an important future for these agencies in the administration of unemployment compensation, since the social security act orders that all benefits must be paid through public employment offices.

Annual Meeting of Civil Service Assembly.—A broad outlook of civil service officials on the problems of public personnel administration, as well as evidences of increasing general interest in the merit system, were features of the 1936 annual meeting of the Civil Service Assembly of the United States and Canada which was held in Cincinnati late in October. Approximately three hundred and fifty delegates registered, constituting one of the largest and most representative groups ever to attend a meeting of the Assembly. In addition to civil service commissioners, administrators, and technicians, the conference was attended by industrial personnel directors, legislators, students, and representatives of civic, professional, and employee organizations.

President Roosevelt and Governor Landon both sent messages to the convention endorsing the merit system. In a letter to Clifford N. Amsden, past president of the Assembly, Mr. Roosevelt wrote, in part: "As rapidly as existing legislation and conditions in the federal service will permit, I intend to bring all permanent agencies of the federal government under the jurisdiction of the Civil Service Commission."

One of the highlights of the meeting was a half day's session devoted to a discussion of "The Interest of Civic, Professional, and Employee Organizations in the Merit System." Joint efforts for the improvement of public personnel administration were pledged by representatives of the National League of Women Voters, the Junior Chamber of Commerce, the American Association of Social Workers, the American Nurses Association, the American Municipal Association, and other similar groups.

Information concerning personnel practices was interchanged at a joint meeting of the Assembly with representatives of federal and state employment services. Among subjects on the program of the Assembly were the development of career service, standards for public personnel administrators, uniform nomenclature, modernization of employee tests, pending personnel legislation, dismissals and lay-offs in the public service, public and staff relationships of civil service commissioners, and the functions of departmental personnel officers. A number of speakers emphasized the need for making civil service commissions service agencies rather than police departments.

Charles H. Bland, chairman of the Civil Service Commission of Canada, was elected president of the Assembly for the ensuing year.

*

A New Journal on Public Opinion.—As part of the work which it is doing to promote the objective study of current public problems, the School of Public Affairs of Princeton University begins in December the publication of a quarterly magazine devoted to the exchange of information and the analysis of problems connected with public opinion; it is entitled *The Public Opinion Quarterly.* DeWitt Clinton Poole, director of the School of Public Affairs, is the editor, and Harwood L. Childs, associate professor of politics at Princeton, is managing editor.

Each issue of the magazine will contain four sections devoted, respectively, to leading articles, special departments, book reviews, and bibliography. The special departments will present quarterly surveys of technical research, organized groups, communications, and promotion.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York—Nassau County Adopts a New Charter.—The so-called "charter"—officially it will be the "County Government Law" of Nassau County, New York—was adopted by the people of the county on November 3. The vote was decisive—57,336 to 37,258. It will go into effect on January 1, 1938, when the officials elected in November 1937 take office. It marks the culmination of an effort to reorganize the government of Nassau County which has been going on since 1912. The two charters previously submitted had been severely beaten. The new charter constitutes chapter 879 of the Laws of 1936 and is the first of the "alternative acts" adopted under the Fearon amendment to the constitution to be actually accepted by the people of a county. It is also the first important step in the reorganization of county government in the New York metropolitan area. Its provisions have been described in a previous number of the Review.

The charter, prepared by the Nassau County Commission on Governmental Revision with the assistance of the Consultant Service of the National Municipal League, was presented to the people in a vigorous campaign directed by the commission. The education committee consisted of Alfred Douglas Olena, *chairman,* Howard G. Wilson, Henry J. A. Collins, Elwood A. Curtis, and H. Stewart McKnight.

The charter was vigorously championed in the legislature and before the people by the Republican leader of Nassau County, J. Russell Sprague. It received the unanimous endorsement of the Republican County Committee. While the Democratic leader came out against it a few days before election it was supported by several leading Democrats including that party's candidate for Congress. It failed to carry in the Republican strongholds on the north shore and, in spite of local democratic machine opposition in the city of Long Beach, carried that city by a good majority. Such opposition as there was came chiefly from politicians who objected to seeing the rules of the game changed or their own power diminished, and from wealthy estate owners on the north shore who dreaded the uniform assessment of property for taxation provided by the charter.

The reforms brought about by the charter are important—a county executive (elective), a modern budget system, centralized and modernized assessment of taxes, county-wide administration of health and welfare functions, and a district court with professional judges to replace the justices of the peace.

Thomas H. Reed, *Director*
Consultant Service, National
Municipal League

*

New York—Manager Plan Upheld in Monroe County.—The county manager government of Monroe County, set up under the Buckley act of 1934, has been declared constitutional by the Appellate Division in a decision on a test case to determine the validity of the law.

The legality of the county manager government, which went into effect January 2, 1936, was upheld in a taxpayers suit. The suit was brought on the ground that the act delegates powers of the board of supervisors to the county manager, contrary to constitutional law.

*

Michigan—County Amendment Defeated.—Among four proposed amendments to the Michigan constitution the voters on November 3 refused endorsement to three measures, including for the second time the question of reorganizing the system of county government. In contrast to the county home rule amendment initiated in 1934 by the progressive forces, the measure defeated November 3 was a most unsatisfactory political proposal, which originated in and was submitted by the state legislature. It allowed no elimination of any present constitutional officer in the county system such as sheriff or supervisors. It provided for no state or local exercise of the initiative in arranging a county charter commission. No change was provided which could not now be made by action of the state legislature.

If adopted, the 1936 proposal would have been a mandate to the legislature to pass a large variety of bills, chiefly in the interest of Wayne County which includes Detroit. These bills heretofore have been pigeon-holed. Without an organized campaign either for or against the measure, it was defeated by a narrow margin. There was a divided opinion among state newspapers, as also among proponents and opponents of the county home rule idea.

After sixteen years of patient effort, with repeated demands upon the state legislature, representatives of the Michigan Committee on County Home Rule are now convinced that their next effort will consist of an initiated amendment behind which the urban counties particularly will make their campaign.

W. P. Lovett

Detroit Citizens' League.

*

Virginia—County School Board v. Board of Supervisors.—Virginia counties have two governments. One works down from the top; the other emerges from the base. In the first case, I have reference to the school system; in the second, to the county board of supervisors elected by the people which has charge of all county functions except school affairs. The school government works down from the top in this wise: The general assembly elects circuit court judges, who appoint a school trustee electoral board for each county. This board appoints a county school board which in turn appoints a superintendent of schools from a list of eligibles kept in the office of the state board of education. This little system of wheels within wheels keeps the schools out of politics.

The relation of the two governments, in part, is as follows: The school board and the superintendent of schools collaborate in making a budget. Then the board of supervisors, representatives of the people, are notified of the tax levy necessary to raise the money for school purposes. The supervisors may have gained an inkling of the school budget before this notification; but it is maintained that they have no part in the administration of school finance. There is a possibility for friction in a dual system of government like this.

This possibility became a reality in the recent conflict between the board of supervisors and the school board of Scott County. The supervisors refused to make the tax levy as requested by the school board. Whereupon the school board petitioned the Virginia Supreme Court of Appeals for a peremptory writ of mandamus. The court (September 11, 1936) granted the writ, therefore, commanding the county board of supervisors to make a levy and raise, in addition to the state's appropriation, a sum sufficient to meet expenses for conducting the schools for the required minimum term.

This controversy may confirm the opinion of many interested in the reform of county government that the two boards should be merged, thus establishing one unit of government for the entire county. It is likely to have the contrary effect on educators who see in the present arrangement a means of keeping school affairs independent of politics.

James E. Pate

College of William and Mary

*

California—City-County Consolidation.—The California constitutional amendment under which it will be possible by local referendum to consolidate city and county governments was approved at the November 3 election. The new amendment broadens a previous constitutional provision that permitted consolidated government only for counties with over two hundred thousand population.

California now has one consolidated city-county government—San Francisco, established in 1856. City-county consolidation is now being advocated in Los Angeles and several other counties.

*

Florida—City-County Consolidation Approved.—On November 3 an amendment to the constitution which would permit the consolidation of Key West and Monroe County was approved in a state-wide vote. Whether the consolidation actually takes place will depend on a referendum election in Monroe County, but the outcome of such an election appears fairly certain in view of the fact that the amendment received 1,166 favorable votes in Monroe County and only 388 unfavorable votes.

*

Ohio—Cuyahoga Rejects Charter Commission.—At the recent election the voters of Cuyahoga County (Cleveland) voted down the proposal for a new county charter commission. According to unofficial returns there were 146,477 votes cast in favor of the commission and 149,210 against it.

*

Montana—County Consolidations Must Have Popular Endorsement.—At the November election an amendment to the state constitution was adopted which will prohibit counties being abandoned, abolished, or consolidated in any way except by a majority vote of the duly qualified electors in each county affected. With the returns from only a few precincts missing, there were 68,951 votes cast for the amendment and 54,026 against it.

TAXATION AND FINANCE

Edited by Wade S. Smith

November Election Results.—Tax limitationists went down to a five-to-two defeat on November 3, when voters in Colorado, Georgia, Oregon, Michigan, and Minnesota went to the polls and rejected proposals for property tax limitation or abolition, while voters in Washington and Nevada acted favorably. The final score is a little harder to figure, however, inasmuch as three states adopted homestead exemptions, one voted to retain the personal income tax, and sales taxes were variously treated.

To consider the over-all tax limitation proposals first, Colorado defeated by a four-to-one vote a state constitutional amendment to limit the state levy for all purposes to 20 mills in cities and 15 mills in rural areas. Georgia's over-all limitation of 5 mills on intangibles and 15 mills on tangibles, debt service excepted, would have also abolished the state property tax levy if approved. Passage of the Oregon amendment would have imposed progressive levy reductions on local governments in accordance with a complicated formula based on existing limitations on the state levy. The Michigan amendment, which was defeated with a margin of two and one-half to one indicated by early returns, would have abolished the property tax entirely and thrown upon the legislature the necessity of providing replacement revenues. The defeated Minnesota amendment would have abolished the property tax for state purposes only.

Of the two limitation proposals approved, that of the state of Washington continued for another two years the present 40-mill limit, while that of Nevada imposed a 50-mill limit—neither highly drastic in their terms.

Constitutional homestead exemption amendments were adopted in Utah, where the legislature is given permission to provide for exemptions up to $2,000 on homesteads (though the legislature has taken no action under a $500 permissive act of some years ago); in Arkansas, where up to $1,000 on homesteads will be exempted from state levies only and the legislature must enact replacement revenues; and in North Carolina, where a mandatory $1,000 exemption enacted by the last legislature was ratified by popular vote.

In North Carolina the voters adopted an amendment to the state constitution which limits the amount of indebtedness which the state or any local unit of government may incur in any biennium to two-thirds the amount of debt retired in the preceding biennium. This limitation may be exceeded, however, by a favorable vote of the people.

In California voters acted to retain the state's present personal income tax law. Motor vehicles, trailers, and semi-trailers will be exempted from the general property tax in Colorado, as a result of an amendment approved by the voters directing the state legislature to substitute a "graduated annual specific ownership tax" payable with the purchase of a state license. Voters of Michigan defeated a proposal to repeal the state 3 per cent sales tax on food, while Ohio voters approved a measure to exempt foods consumed in the home from that state's 3 per cent sales tax. Idaho and Mississippi also, on the basis of early returns, defeated retail sales tax proposals, while in Arizona legislative repeal of the present law is in prospect because of the election of an anti-sales tax governor. In Illinois the incumbent, Governor Horner, defeated his anti-sales tax opponent, presaging continuation of that state's sales tax law.

Compared with the rush to get aboard the tax limitation band-wagon of the previous few years, results of this year's elections indicate that the strait-jacket as a palliative for cost-of-government ills is rapidly losing its popularity. (Among the over-all limitations adopted or jerked to throttling levels during the depression are those of Michigan, Ohio, Oklahoma, New Mexico, and West Virginia.) Similarly, the November 3 results seem to indicate that the sales tax as a replacement revenue is finding little favor. Reason for the shift is not hard to find in the spread of information regarding actual experience under drastic limits such as those of Ohio and West Virginia, where many local governmental functions have been nearly limited out of existence. The most recent of these "horrible examples" is Springfield, Ohio, where on November 3 voters rejected an extra-levy proposal for the operation of city schools. Two months of operation saw local funds exhausted, the full amount of state aid from the replacement sales tax received and spent, and salaries a month in arrears, so that the board of education dismissed the 381 teachers and sent the city's twelve thousand school children home for an indefinite vacation from learning.[1] In Cincinnati and Toledo shortened school years are faced because of defeat of extra-levy proposals, while Gibsonville schools will close early in the spring and Jackson centralized school has already shortened its term. Such conditions, though perhaps more extreme in degree and certainly more dramatic, are being more and more accepted as typical of the inevitable effects of haphazard and "cure-all" efforts at tax reform.

*

New Budget Law for New Jersey Municipalities.—Sharply contrasting with the destructive results of special-interest tax reduction legislation is the effort of New Jersey to rehabilitate local government finances from the ground up and reduce tax costs by curbing expenditures in an orderly manner. On January 1, 1937, the so-called new local budget law goes into effect, carrying with it several reforms in budgetary practice which should result both in economies due to better expenditure planning and in more realistic budget making.

Over-expenditure of appropriations will be sharply curbed under the new law, which not only provides personal liability for the disbursing officer or liability of the governing body if the liability is incurred but disbursement not made, but also limits emergency appropriations to $10,000 or 5 per cent of the budget, whichever is smaller, and provides that such emergency appropriations must be included in the budget for the following year. Transfers from one appropriation to another are also restricted, so that the budget as a controlling document becomes a considerably more important factor than it has been heretofore. The requirement is also set up that in the case of bonds issued during the year, a payment must be made in the year of issue equal to the annual principal retirement, this provision not only preventing delayed retirement schedules but also necessitating at least the rudiments of a capital plan.

Tax anticipation and tax revenue borrowing, heretofore a loosely controlled matter which was a major factor in the financial embarrassment of many Jersey cities during the depression, is subjected to stringent control under the new law. At present three kinds of tax borrowing are possible—in anticipation of taxes currently to become due, against delinquent taxes, and against tax title liens. The new budget law makes no provision whatever for tax title lien borrowing, and greatly shortens the period during which tax anticipation and tax revenue bonds or notes can be issued against a given tax levy. Moreover, the total amount of tax borrowing is curbed by a limitation on the ratio of total tax loans to current levies and the requirement of budget appropriations for any excess outstanding.

---

[1] Springfield schools were re-opened within a few days of their closing in anticipation of a special election at which another extra-levy proposal would be submitted for adoption.

The early months of 1937 will see New Jersey county and municipal officials wrestling with the intricacies of the new law. Many of its provisions are similar to those of chapter 60, P. L. 1934, the so-called cash basis budget law under which much local refinancing has been done throughout the state, and hence many of the units whose finances were most involved will be required to make few changes. Many other units—about five hundred—however, face for the first time the necessity of budgeting appropriation reserves and other cash liabilities, of making budgetary reserves for uncollected taxes, and of estimating anticipated miscellaneous revenues and delinquent tax collections on the basis of previous year's realizations. Many units which have not adopted "cash basis" rules have nevertheless gone through the motions of making various reserve appropriations in recent years, and some of these are faced with the troublesome necessity of putting their reserve policies on a sound basis, a case in point being the fairly prevalent practice, especially in smaller units, of budgeting reserves for uncollected taxes but offsetting such reserves with appropriations from surplus revenue largely in non-cash form. Surplus revenue appropriations under the new law will be restricted to surplus revenue cash items. All budgets must now be submitted for approval by the state auditor, who is required to check the mandatory items.

Fears are expressed in many quarters that the new law will mandate so many and such large reserve appropriations in many units that taxpayers are faced with fairly high tax increases under the law as it stands. Evidence of the extent to which such fears are justified must await the completion of the first budgets under the law, since no studies are as yet available showing the effect of the law on individual municipalities. The new law, however, gives the units until 1942 to get on a so-called "cash basis" and a comparison of its features with those of chapter 60, which went into effect immediately in those cities electing it for their refinancing, indicates that chapter 60 cities have been on the whole favorably affected by that law, with their current positions greatly strengthened and taxpayers able and willing to assume an added tax burden for a few years when substantial levy boosts were necessary. It is apparent, however, that those cities with large unfunded debts must either experience greatly increased tax collections prior to December 31 which will permit liquidation from current funds or else place their floating debt in funded form, if they are to avoid large mandatory appropriations for accumulated current liabilities; and it is also apparent that in at least a few instances tax collection experience and present credit standing indicate an inability to do either, so that the difficulties of these municipalities will be rapidly brought to a head, a condition which many observers are inclined to regard as inevitable anyway.

*

Current and back tax collections are both reported to be at higher levels than in any year since 1933 in Minnesota, according to a recent report of the state tax commissioners. Accumulated tax delinquency in the state is now set at over $92,000,000.

*

Increased taxation of non-exempt real property is foretold by E. P. Owen, Jr., secretary of the Florida League of Municipalities, in a recent article in the *Florida Municipal Record* which concludes that Florida "cities and towns are being ground relentlessly between the upper millstone of a decreasing tax base and the nether millstone of rising material prices and wage rates, a demand for more and better municipal services . . . and the necessity for carrying on maintenance and repair work that was neglected for as long as it could be."

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

The New York Victory.—The official returns on the New York City charter referenda, which we reported in a last-minute note at the end of last month's department, showed that proportional representation was adopted for the elections of the new city council by 923,186 votes to 555,217, a majority of 367,969; and the new city charter was adopted by 952,519 votes to 603,072, a majority of 349,447. The figures by boroughs were as follows:

P. R.

	Yes	No
Brooklyn	340,007	175,673
Manhattan	207,910	131,961
The Bronx	192,316	104,887
Queens	170,355	114,153
Richmond	12,598	28,543
Total	923,186	555,217

Charter

Brooklyn	351,962	180,072
Manhattan	219,070	139,595
The Bronx	191,414	122,663
Queens	176,618	130,020
Richmond	13,455	30,722
Total	952,519	603,072

The Citizens Union, Men's and Women's City Clubs, League of Women Voters, Merchants Association, City Affairs Committee, Community Councils, Brooklyn Civic Council, American Labor Party, City Fusion Party, and other groups which coöperated with the two campaign committees in securing this epochal victory are already embarking on an intensive campaign of education to make sure that New York voters are prepared to take full advantage of their new opportunities when P. R. is used for the first time next fall.

*

P. R. Apparently Constitutional in New York.—A strong presumption of constitutionality for P. R. in New York State arises from the decision and statements of the Court of Appeals (the highest court in the state) in the recent case of Mooney vs. Cohen (272 N. Y. 33). Edward J. Mooney, a Brooklyn truck driver who mysteriously acquired ample funds and good legal talent for the purpose, sued to keep the charter and P. R. questions off the ballot. His main contention was that the legislature had no right to delegate to a charter commission authority to draft charter provisions and submit them to the people without reporting back to the legislature, but an additional contention that P. R. should not be submitted because it is unconstitutional was rather fully argued before the Court of Appeals, where its constitutionality was defended by former Judge Thomas D. Thacher, chairman of the Charter Revision Commission and former solicitor general of the United States, and by Corporation Counsel Paul Windels, representing the city.

Supreme Court Justice Charles J. Dodd ruled that the legislature had exceeded its authority and that neither question should be submitted, but he was unanimously reversed by the Court of Appeals. Encouraged by the fact that the highest court made no specific mention of P. R. in its opinion, Assemblyman Edward S. Moran of Brooklyn promptly brought suit in the name of Catherine Mulville to rule the P. R. question off the ballot as unconstitutional, but Supreme Court Justice William T. Collins threw the case out of court with little ceremony on the ground that the Court of Appeals had already decided the P. R. question should be submitted.

Thereupon the city and the charter commission requested the Court of Appeals to issue an addition to its decision in the Mooney case to make it clear that in reaching its decision in that case it had considered the argument against the constitutionality of P. R. and had ruled that it could be voted on as a constitutionally proper method of election. In reply the court issued a supplementary statement in which it said that in making its previous ruling it had "decided that both questions should be placed upon the ballot to be voted on at the coming election."

*

The P. R. Dinner in Toledo.—The annual meeting and dinner of the Proportional Representation League, Incorporated,[1] a gala occasion because of the adoption of P. R. in New York City, was held at the end of the National Municipal League's annual Conference on Government in the Hotel Commodore Perry, Toledo, on the evening of November 17. Over a hundred members and friends of the League from seventeen municipalities in eight different states were presided over by Professor A. R. Hatton, head of the political science department at Northwestern University and president of the P. R. League.

---

[1] Now operating as a department of the National Municipal League, with a common staff but separate officers.

The following trustees were elected for the ensuing year: Henry Bentley of Cincinnati, Richard S. Childs of New York, Paul H. Douglas of Chicago, A. R. Hatton of Evanston, C. G. Hoag of Haverford, Pennsylvania, J. Henry Scattergood of Philadelphia, and Thomas Raeburn White of Philadelphia. Mr. Childs, a former president of the League, replaced Albert B. Maris of Philadelphia, who recently resigned as trustee because of his appointment to the federal bench. The other trustees were all members of the outgoing board.

There being no further business the rest of the evening was devoted to addresses on the year's important developments in the P. R. field, as follows:

"Selling the P. R. Count," by William E. Galvin, secretary of the Lucas County Board of Elections, who conducted Toledo's first P. R. count to everyone's satisfaction last year.

"The Victory in New York City," by George H. Hallett, Jr., campaign manager of the New York P. R. Campaign Committee, substituting for former Comptroller Joseph D. McGoldrick, a member of the New York City Charter Revision Commission, who was unable to attend the conference.

"Three Elections in Cincinnati," by Henry Bentley, former chairman of the Cincinnati City Charter Committee. Mr. Bentley described the P. R. election last fall, which gave Rev. Herbert Bigelow, radical independent, the balance of power between the City Charter Committee and the Republican organization delegation in the council, a situation which many persons blamed on the election method; the successful defense of P. R. in the spring primary when the "bosses" of both political parties conspired against it; and the election this fall, when Mr. Bigelow and a running-mate were elected to Congress, securing more than proportionate representation for their followers under the old plurality method of election.

"P. R. in Toledo," by former Judge Aaron B. Cohn, a member of Toledo's first P. R. council.

A model of the new P. R. voting machine developed by the International Business Machines Corporation was on display, together with punched ballot cards and the standard sorting and counting equipment by which they would be counted. The operation of this equipment was demonstrated several times during the convention.

*

Private Organizations Using P. R.—A large number of private organizations in this and other countries are using P. R. for their own elections. It is impossible to keep a complete and up-to-date list of such organizations, though the P. R. office of the National Municipal League is constantly endeavoring to approximate it and would appreciate being notified of adoptions, discontinuances, and significant experiences in private P. R. elections.

National Education Association

One of the most important recent adoptions was for the "publishing committee" of the National Education Association at its annual convention in Portland, Oregon, last summer. The task of this committee, to determine what portions of the minutes should be published in the official proceedings, is perhaps not of major import, but the election served to give a demonstration of P. R. to the assembled delegates of the public school teachers of the entire United States. Reuben T. Shaw, head of the science department of Northeast High School, Philadelphia, who as chairman of the association's committee on amending charter was chiefly responsible for the introduction, writes: "I believe everyone was pleased in so far as the demonstration of P. R. was concerned. It seems to represent all factions and a wide geographical distribution as well." The election was ably conducted by Professor Maure Goldschmidt of Reed College, Portland. The way was paved for this adoption by the Pennsylvania State Education Association, which now has a paid membership of over sixty-three thousand teachers and which has used the Hare system for all the elections at its annual conventions since 1921, and by the Michigan Education Association, which adopted P. R. for its board of directors at the suggestion of Professor James K. Pollock of the University of Michigan in 1935. On the basis of this experience and the demonstration at Portland an attempt will now be made to extend P. R. to the more important councils and committees of the National Education Association.

New York Teachers

The Association of Social Studies Teachers of the City of New York elected nine members of its executive board by P. R. for the first time on November 7 of this year. The use of P. R. has been written into the Association's constitution.

Student Elections

P. R. is being increasingly used for student elections in colleges and universities. It is usually introduced to put an end to a near-monopoly of elected offices by some fraternity or other organized group, a purpose which it never fails to accomplish. Among the adoptions within the last few years are those for the elections of the Student Board at Columbia University, the governing body of the Evening Organization (comprising eleven thousand evening students) at New York University, twelve of the fourteen members of the student body Senate at Colgate University, the boards of three or four campus-wide organizations at St. Lawrence University, Canton, N. Y., all the members except the president of the executive board of the student organization at the University of Idaho, and part of the members of the Men's Student Council at the University of Kansas. Professors Joseph D. McGoldrick of Columbia, Wallace Sayre of New York University, Rodney L. Mott of Colgate, and W. Rolland Maddox of the University of Kansas assisted student leaders with the introduction of P. R. in their respective universities.

National Conference of Social Work

One of the most important recent adoptions of P. R. is for the annual elections of the National Conference of Social Work. The Hare system has been used since 1934 for all officers and committees chosen at the conference. A few smaller organizations of social workers have been using P. R. for a good many years and proposals for its extension to the National Conference had been made several times before the actual adoption.

Church Elections

Another significant recent adoption of P. R. is for the diocesan elections of the Diocese of Long Island of the Episcopal Church. The Hare system for this purpose was so modified as to require for election a concurrent quota of both clerical and lay votes. Though this modification necessarily complicated the rules, the system proved satisfactory in its first application. It had a special appeal to the diocese as a means of avoiding the repeated ballotings which had been necessary to obtain the required majorities of both clerical and lay support under the former method. This, so far as we know, is the first use of P. R. for important church elections in this country. It was inspired by the P. R. election of the House of Laity and the elected portions of the House of Clergy in the National Assembly of the Church of England. Further information in regard to it may be obtained from Rev. Bradford Young, 157 Montague Street, Brooklyn, who was largely responsible for the adoption.

New York Socialist Party

Following the split in the New York Socialist Party last spring the Norman Thomas faction which gained control of the party machinery introduced a change which might have prevented the split entirely if it had been introduced some years earlier. It used proportional representation for the election of delegates to the state convention. Most of the "Old Guard" which later left the party boycotted the elections, however, and the result was therefore largely the election of representative candidates of the controlling faction. P. R. for public elections has been in the national platform of the Socialist Party many times but except in the state of California the principle has not so far as we know been used previously in the party's own elections.

Other Elections

Other important applications of P. R. not previously reported in these columns are for the trustees of the Municipal League of Seattle, which consistently advocates P. R. for city council elections also; all the elections of the Cleveland Lodge (Lodge 1192) of the Brotherhood of Railway Clerks, where it was introduced some years ago by Andrew A. Meyer, secretary of the P. R. League of Greater Cleveland; the elections of the Cooperative Consumers of St. Louis, Inc., who have recently followed the example of the Consumers Coöperative Service, Inc., of New York City; and the Artists' Guild of St. Louis. The Governmental Research Association, which includes staff members of bureaus of municipal research and people in comparable positions throughout the country, has used P. R. for a number of years and continued its use in a recent revision of its constitution. It now elects three members of its board each year by P. R. for a two-year term.

British Organizations

In Great Britain the organizations using the single transferable vote (Hare system) either for P. R. elections of boards and committees or for majority elections of single officers or both include the Church of England, already referred to, the Congregational Union of England and Wales, the London Congregational Union, the Association for Great Britain and Ireland of Rotary International, the Civil Service Confederation, the National Union of Clerks, the National Union of Railwaymen, the National Union of Teachers, the Northern Colliery Officials' Mutual Aid Association, the Coöperative Wholesale Society, the Royal Arsenal Coöperative Society and other coöperatives, the Dental Board of the United Kingdom, the London Liberal Federation, the Yorkshire Liberal Federation, the National League of Young Liberals, the Douglas Social Credit Secretariat, the Students' Union of the London School of Economics, and the Engineers Section of His Majesty's Office of Works.[1]

Australian Organizations

The applications of the Hare system of P. R. to private elections in Australia, in regard to which we do not have information that is at all complete, include the Committee of Management of the Catholic Club (Sydney), the governing boards of the Temple, North Sydney, Rushcutter's Bay, and Fort Marquarie branches of the Tramway Institute, a large organization of tramway workers, the New South Wales Tramway Union, the Farmers' and Settlers' Association, the Egg-Marketing Board, the Australian Chemical Institute, the Australian Journalists' Association, the North Sydney Yearly Benefit Fund, the Ultimo Mutual Relief Society, the Newcastle Coöperative Society, the National Independent Order of Oddfellows, and the Rural Bank Officers' Association.[2]

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Los Angeles County Department of Budget and Research.—The county of Los Angeles inaugurated a new staff agency on July 30, 1936, which was named the Department of Budget and Research. The new Department falls heir to all but two of the personnel of the Los Angeles County Bureau of Efficiency and will perform all of the functions heretofore performed by that Bureau except those matters pertaining strictly to personnel efficiency.

The rapid growth of financial and administrative research, rather than employee efficiency investigations, led to the creation of the Department of Budget and Research. The major function of the Department will be investigations and recommendations relating to the operation of a detailed and analytical budget procedure. This procedure is designed to give the board of supervisors, through the Department of Budget and Research, a more certain knowledge of, and consequently better control over, all county expenditures. A staff of four will give their entire time to the county budget procedure, studying county departments and functions, in order to develop units of measurement for a cost analysis of all county activities and services. The remaining members of the staff will also devote their full time to budget activities between March 15 and August 30 of each year.

The main functions of the newly created Department can be summarized as follows: (1) Assisting the board of supervisors in the preparation of the annual budget and making studies and investigations relative thereto; (2) Making studies and investigations relative to the fiscal matters of the county and to the economical administration of county departments and functions; (3) Making studies relative to the compensation of the county's 15,000 employees; (4) Assisting in the preparation of the annual salary ordinance.

---

[1] Report of the British P. R. Society for the year May 1934-April 1935.

[2] From the report of the British P. R. Society for the year May 1935-April 1936.

Since its inauguration on July 30, 1936, the Department has published two major studies and seventy-three smaller reports, in addition to its budget work. These requests for administrative investigations and recommendations originate with the board of supervisors and forty-eight department heads. The Department acts as an advisory agency on all matters of administrative, personnel, functional, and financial organization and procedure. The latest major studies of the new Department are:

1. *A Study of and a Proposed Plan for the Jurisdiction and Remuneration of Humane Societies Functioning for the County of Los Angeles.* The study recommended the strict assignment of territory and payment for services on a basis of amount of work performed, to be maintained at a standard. The study also outlines an effective procedure for the collection of dog license fees.
2. *Medical Care of Indigents Outside of County Institutions.* This is a survey of the present method used by the county to provide out-patient medical care of indigents for the purpose of determining the most effective and economical method to use in the future.

The Department of Budget and Research has a budget appropriation of $48,027 for the fiscal year 1936-37. This financial support is derived from county tax funds and amounts to less than one-fifth of one cent of the general county rate.

At the present time the staff of the Department consists of thirteen full-time employees. Mr. Harry F. Scoville, former secretary and staff director of the Bureau of Efficiency, is the director of the Department of Budget and Research. In addition, the Department has eight student research investigators who are serving "apprenticeships" in public administration. The number of these students was increased from four to eight on July 1, 1936, by an unsolicited action of the board of supervisors. The Department is having phenomenal success with its interne program.

*

Atlantic City Survey Commission.—During the past six months the Commission undertook studies in various municipal departments. One study was a review and critical analysis of delinquent tax collections in Atlantic City. The results were submitted in a series of reports which covered tax liens against property, the nature of the state law, and present policies of tax collection authorities in collecting delinquent taxes. This series of reports was timely and highly informative to taxpayers, and was reflected in larger delinquent tax payments during the months of July and August.

A critical analysis of absences from duty in the fire department for reasons other than injury received in line of duty showed that approximately 10 per cent of the man power of the department was lost to the city because of a loose policy in handling such cases. At the same time the city paid full salaries, even though under the law this was not required. This report brought about a new policy in handling absences and in allowing full- or part-time pay during periods of absence. A clear-cut and uniform policy has had its effect in improving the morale of the entire department.

On request from several civic clubs, the Survey Commission undertook to study and determine the causes for dirty and unsightly streets. The report showed that the present force and equipment of the street cleaning department was adequate to perform its functions. Study of the laws and ordinances regarding rubbish and ash collection, circulation of handbills, etc., however, showed the public in general did not coöperate in providing proper receptacles. No attempt at enforcement of these laws and ordinances was being made by law enforcement authorities. The report recommended that better enforcement policies be adopted and that the civic organizations undertake a comprehensive program of citizen education.

The most recent report of the Survey Commission dealt with an interpretation of the new New Jersey local government budget act and its effects as applied to Atlantic City. The new budget act provides for a rigid system of budgetary control and becomes effective next January.

G. Burman Curry, *Director*

*

Civic Affairs Council (Los Angeles).—For almost a decade the School of Government of the University of Southern California has been working toward the professionalization of governmental service. Not long after the work was begun, it was discovered that helping the public officials promote professional standards was only half the problem. There was need for better understanding of the purpose of government on the part of citizens in order that professional administrators might be given an opportunity.

To this end two programs were developed. The first is the Women's Civic Conference which consists of an annual, one-day, intensive study program of lectures, panels, debates, and round tables on certain phases of governmental work. The women who participate in this institute are representative civic leaders interested in citizen education in governmental matters.

The second program is known as the Civic Affairs Council. From time to time the University has been called upon to provide speakers for luncheon clubs and to guide the development of civic affairs programs in various organizations. The Council was created in order to provide a continuing service. Membership consists of the chairmen of civic affairs organizations, service clubs, religious groups, women's organizations, fraternal bodies, and high school civics teachers. Mass meetings are arranged in communities under the auspices of the local organization. General meetings are held once or twice a year on the campus, usually as a part of the annual Institute of Government. A publication known as *Civic Affairs,* issued each month with the exception of July and August, has an active mailing list of 2,700 in which are represented 292 separate organizations. The nominal membership fee of one dollar does not stand in the way of distributing the material to places where it is useful. The bulletin seeks to present two aspects or functions of governmental work. For instance, each issue will contain an article on street maintenance and one on public libraries, or an article on some city administrative function and some state administrative function. It always includes a column of running comments of general interest and an annotated bibliography of recent material. Membership in the Council has been increasing steadily and civic teachers and chairmen generally agree that the publication, *Civic Affairs,* is a valuable aid.

W. Ballentine Henley

*

New Jersey Taxpayers Association.—The Association, long active in sponsoring governmental improvement in New Jersey, this year strengthened its reputation among New Jersey's citizens by championing a revision of the state's local budget act. The new act, known as chapter 211, P.L. 1936, as originally slated for passage, included a provision which would have resulted in an unprecedented increase in local tax rates in many instances. Quick to recognize that such a burden was impossible to carry under the present financial condition of many New Jersey municipalities the Association was able to convince the legislators of the wisdom of its arguments and was successful in having the bill held in committee until the objectionable features were deleted.

Another accomplishment of the Association this year which reflects its influence in improving governmental methods in New Jersey was forcing the continuance for another year of the suspension of mandatory legislation designed to increase salaries of county and municipal employees. This was accomplished in spite of the tremendous opposition by the public employees affected, and was made possible through the ability of the taxpayers organization, as in the case of the budget bill mentioned above, to convince the legislators, at a public hearing on the question, of the insurmountable financial burden which would result for a major portion of the state's municipalities and counties if such suspension were not continued, at least for the duration of the present emergency period.

The New Jersey Taxpayers Association was originally organized by a small group of citizens with foresight and understanding of New Jersey's finanical problems who had the courage to point out to the citizens of their state the end which would result if wasteful and extravagant governmental policies were not checked in time. It has since strengthened its position by a well conceived and actively supported program which exemplifies its slogan of "Better Government at Less Cost" and has built up a large and powerful organization composed of county and local taxpayers associations affiliated with the parent organization from 250 communities as well as a great number of individual citizens.

One of the Association's present major activities is the sponsoring of a state-wide contest among municipal officials for "Making Municipal Reports Readable," fashioned somewhat along the lines of the contest which has been conducted for some years past by the Vermont State Chamber of Commerce. This contest has received wide acclaim by the public press and will do much to bridge the gap of misunderstanding which all too often exists between municipal officials and the public whom they serve.

A. R. Everson, *Executive Secretary*

*

Kansas City (Mo.) Civic Research Institute.—This month marks the seventh since Walter Matscheck's resignation as director, after fifteen years with the Institute, since its inception, to accept a position with the Social Science Research Council. During this seven-month period, emphasis has been placed on internal organization and on local publicity in an attempt to gain financial support lost during the depression.

A large deficit was wiped out by special subscription during the summer months. The Institute moved to a new suite of offices, better adapted for its current operations. Plans have been formulated for a complete cataloguing and indexing of its extensive library with the aid of a National Youth Administration project.

The position of membership secretary was abolished. Miss Margaret Klein, a social service worker, was added to the staff to assist in the preparation of a survey of "The Cost and Volume of Social Welfare Activities in Kansas City, Missouri." Miss Klein, an M.A. in social administration from Ohio State University, was formerly on the staff of the Council of Social Agencies. During the summer the staff was further augmented by the voluntary services of Miss Eva Asner, also a social worker.

During the past several months, speeches on the work of the Institute have been presented before nearly all the major social organizations in the city. In addition the Institute prepared a small brochure, "What Are the Facts?", aimed primarily at interesting prominent persons in the community in participating in the direction and work of the Institute.

In coöperation with several other civic organizations, the Institute is again working on the preparation of an adequate permanent registration bill for introduction in the Missouri legislature. It is expected that these groups in Kansas City will work closely with those in St. Louis for the passage of such a law affecting Missouri's two major cities.

The Institute's weekly publication, *Public Affairs,* has now been resumed after discontinuance for the summer months. Recently interest was shown in several issues devoted to the various potential departmental service charges which the city might consider both from the viewpoint of revenue and of special privilege. These have been based on the findings of a municipal revenue study made by the director in 1935 for the New York State Conference of Mayors and Other Municipal Officials. Due to great interest in, and demand for, the Institute's study on homestead exemption, an additional hundred copies have been published.

During the past several months, the director has served as chairman of the Committee on Research and Statistics of the Kansas City University Committee on Advanced Medical Education. The latter committee is seeking to determine the need, advisability and possible establishment of an advanced (last two clinical years) medical college in the city.

Edward W. Harding, *Director*

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Public Personnel Administration. By William E. Mosher and J. Donald Kingsley. New York, Harper & Brothers, 1936. 588 pp. $5.00.

If ever a book were published when needed, this one was. Hardly has there been a time since 1921, when Charles A. Beard suggested to William E. Mosher that such a book should be written, that it would have been so welcome. The country again is beginning to be civil-service conscious. Many influences have brought this about, not the least of which has been the work of the Commission of Inquiry on Public Service Personnel, "Better Government Personnel," published in 1935, which focused public attention upon the problem and whetted the appetite for further information as to principles and practices in the field of public personnel administration.

Excellent books, of course, have been written on the subject before now. Leonard D. White's stimulating treatment of the problem in his "Introduction to the Study of Public Administration" and in "Trends in Public Administration," one of the monographs of the President's Commission on Social Trends, should not pass unremarked. And there are many others, too numerous to list here, including the later publications of the Commission of Inquiry. But the authors of this volume have done the difficult job of combining both the general and technical aspects of the subject. With a broad, sweeping brush they have painted the main outlines of the evolution of bureaucracy and the development and purposes of the merit system. The first hundred pages of this book should be read by every American citizen. With a fine brush, then, or even an etcher's point, they have sketched in the detail: problems of recruitment and selection; of training, promotion, and transfer; separation and turnover; hours, leaves, and timekeeping; the classification and standardization of positions, of compensation, service ratings; superannuation and retirement systems; and employee relations.

One of the most interesting chapters to this reviewer was that on "Unionism in the Public Service," a puzzling problem that may grow more acute as time goes on. To the unions of federal employees the authors credit some of the marked improvement in working conditions and personnel practice. But what of the right to strike? The authors point out that the "public welfare demands the uninterrupted operation of the postal service, of police protection and water supply" and recognize that strikes in the civil service are clearly contrary to public welfare but at the same time stress the necessity for satisfactory working conditions in the public services before outlawing of the strike can be justified. They tend to agree with Mayers that the threat of a strike is a symptom of a seriously defective personnel system. While this is true enough in a broad sense, a strike issue usually narrows down to hours of work and rates of pay. It is just as conceivable that, under the most perfect personnel administration in the world, postal employees as a class might demand more money, using the strike as a weapon, as it is that teachers would storm legislatures to force increases in their salaries. In the final analysis, nonperformance of an act is the last resort of an individual or group dissatisfied with the compensation provided for performance.

Throughout, the authors have accepted what may be regarded as the most up-to-date and progressive point of view in the personnel field. They would raise the status of the personnel agency and recognize it as an integral part of the staff, an arm of the management, requiring a representative of the civil service commission in the cabinet of the chief executive. In the long controversy between the advocates of a board in charge of personnel and the proponents of a single personnel executive, the authors are squarely on the side of the single executive. They suggest an administrative court to handle appeals. For the time being, however, they would accept division of responsibility corresponding to that in the Model City Charter. They would assign all administrative duties including that of rule-making to a single executive head employed on a full-time basis and constitute the commission a judicial body for the handling of appeals, endowing it with only advisory powers on other matters.

In all American government, of course, federal, state and local, it is primarily the spoils system that is responsible for the administrative inefficiency and waste that exists. The system has safeguarded itself behind a bulwark of constitutional provisions, state statutes and city charters. The personnel objective from the standpoint of the citizen is simple: a qualified person in every governmental position. To attain that objective, however, many present laws and procedures must be changed and the new order protected by carefully phrased legislation. And there must be a new order with the tremendous responsibilities that have been thrust upon government! It is such books as the one under discussion as will lead to an appreciation and understanding of the problem and the direction in which its solution lies. It is a real contribution to the literature in this field.

H. P. J.

*

Unemployment Relief in Periods of Depression. by Leah H. Feder. New York, Russell Sage Foundation, 1936. 384 pp. $2.50.

So intense is the influence of recent experience that it will give many a reader who picks up this book at least a momentary start to note that our latest Depression, which we are prone to capitalize, is not included in this study. From 1857 through 1922 is the period covered, during which there were two major and four minor depressions. The study had been planned before the beginning of our most recent depression; had its data been available in 1929 many mistakes in meeting relief problems might have been averted. As it was, Dr. Feder's requests for data on previous depressions to be dug from musty files and yellowed newspapers were met with interest and unusual coöperation. In the midst of a depression people could well see the value of finding out what had happened in previous similar eras.

The history of depressions would seem to demonstrate that we do not learn from experience. Each time there has been a general falling off in business and industry serious enough to require unusual relief measures, some one has excitedly put into effect methods found wanting in previous depressions. Perhaps quite by accident they have later stumbled upon methods whose efficacy had already been proved.

It was Dr. Feder's purpose, and that of the Russell Sage Foundation which sponsored the study, to put into readily available form the gist of experience with unemployment relief in major depressions so that in periods of emergency we can at least begin where we left off.

The study makes no attempt to discuss the economic causes and remedies of depressions, nor does it describe in detail relief brought about through unemployment reserves or through the stabilization and regularization of industry. The emphasis is on relief measures chiefly as administered by organized relief agencies. The analysis and appraisal of these will gird with understanding those who may be faced with problems of meeting future emergencies.

*

American State Government. By W. Brooke Graves. New York, D. C. Heath and Company, 1936. 829 pp. $4.00.

Hide this volume in the shelves lest a student from abroad find it and become disillusioned as to state government in this land. The author, who is professor of political science at Temple University, here gives a photographic picture of our state legislatures in action and his negatives are candid camera shots at that! The pandemonium in the closing hours of legislatures is reported with accuracy; the widely varying action of governors in enforcing the law in times of emergencies such as strikes and lynchings is candidly set forth, as well as their equally dissimilar actions in granting pardons; there is a frank discussion of the spoils system, an equally critical appraisal of civil service.

The principles, problems, and characteristics of state government are treated. The relation of states with other states and with their own sub-divisions and a discussion of the future of states make up interesting chapters. Selected references at the end of each chapter include many periodicals of recent date, evidence intensifying the impression created by the text that Professor Graves has produced a text book exceptionally up to date.

*

The Tenements of Chicago. By Edith Abbott and Associates. Chicago, University of Chicago Press, 1936. 505 pp. $5.00.

Viewing the city from an airplane the passenger who has made no study of housing conditions in Chicago would get no accurate idea of the great crowding there. Chicago's thousands of families of low income live in two-story, frame buildings or cottages, or in sub-divisions of old homes of the wealthy, once spacious one-family dwellings in neighborhoods which a change of fashion has caused to become undesirable. Such a view would not disclose rooming houses crowded so that every room including the kitchen is used as a bedroom, inside rooms with no windows, beds used both day and night; would not show the unsanitary plumbing nor the demoralizing lack of privacy in living conditions.

This book, based on studies made over a period of the last twenty-five years, traces the growth of the city as one nationality group after another came to seek a living in industry and added its housing problem to those already existent. The study is carried through problems created by the depression when relief agencies failed to include rent in the help usually granted, when the burden of housing fell upon the landlord who could not carry the load and when families passed through series of evictions.

Three large housing projects under the federal public housing program now offer some relief from Chicago's over-crowding but will not serve to "clear the slums" since they are largely on vacant lands. The author, who is dean of the School of Social Science Administration of the University of Chicago, believes that to get rid of the old frame tenements the attack should be made in these directions: (1) new building on vacant land where land values are cheap; (2) new building to accompany slum clearance even when land has a high speculative value, which would involve rent subsidies; (3) better tenement-house laws and a continuous, vigorous drive for better enforcement of the tenement-house ordinances that Chicago now has; and (4) making the old houses in which people must continue to live for a long time to become more decently habitable by repair and reconditioning.

*

The Frontiers of Public Administration. By John M. Gaus, Leonard D. White, and Marshall E. Dimock. Chicago, University of Chicago Press, 1936. 146 pp. $2.00.

Here is an examination of foundations. A clear conception premises definition. So busy are administrators, however, with development of programs that frequently they do not take time to think through the definitions upon which administration is based. Their gratitude is due the authors of this monograph.

Public administration is defined as including "the problems, powers, organization, and methods of management employed in enforcing the law and in discharging governmental responsibilities." As it is found in the United States today, Dr. Dimock believes it needs to be humanized and should be fertilized with ideas obtained from business, educational, military, and quasi-governmental administration. The planning aspect of public administration should be more clearly emphasized.

A principle, as defined by Dr. White, means "a hypothesis so adequately tested by observation and/or experiment that it may intelligently be put forward as a guide to action, or a means of understanding."

Responsibility is accountability; discretion while it frequently suggests prudence, discernment, judgment, what may be called self-limitation, also clearly conveys the meaning of liberty to choose between alternatives; organization is a relating of individuals so that their efforts may be more effective in the accomplishment of some humanly evolved purpose; the mechanical view of efficiency is too limited; efficiency is a matter of quality —it is personal satisfaction, also customer satisfaction.

The definitions above are set forth in a discussion of the meaning of principles in public administration, of responsibility and the role of discretion, a theory of organization in public administration, and the objectives of public administration.

*

Public Service and Special Training. By Lewis Meriam. Chicago, University of Chicago Press, 1936. 83 pp. $1.50.

Another valuable monograph in a series on public personnel, following Leonard D. White's "Government Career Service," is this compilation of four lectures by Mr. Meriam who speaks from a background of rich experience in both administration and research.

Which is the more important—a knowledge of general administration or a knowledge of the subject matter in the field in which the administrator is working? Mr. Meriam concedes the importance of the elements of the word "Posdcorb", symbol for the duties of an administrator—planning, organizing, staffing, directing, coördinating, reporting, and budgeting—but maintains that the knowledge of subject matter is equally important. The two must go together.

The university can be of service in developing the two simultaneously. There is little difference in the educational requirements for professional, technical, and scientific positions, whether the student is to find employment with the government or with a private employer. Supplementing the courses in the professional schools and other departments in the graduate schools there should be special courses in public administration which should be cultural and coördinating. The young graduate has a better chance to advance into administrative positions from the professional, scientific, and technical entrance gates, Mr. Meriam believes, than to step directly into an administrative position. With a strong foundation of a special field or profession he can obtain the knowledge of administration, if need be, through post-entry or in-service training.

*

American Planning and Civic Annual. Edited by Harlean James. Washington, D. C., American Planning and Civic Association, 1936. 170 pp. $3.00.

The material in the 1936 annual is a departure from that of the annuals of other years which endeavored to mark and evaluate progress made by the federal government in planning, housing, and land-uses, present a survey of conservation and development of parks and forests, and describe state planning activities. Rather, the difference is in the presentation of the material, being in the form of papers presented at five conferences held during this year—the Conference on the National Park Service in Washington, two regional conferences in Minnesota and Alabama and a national conference in Hartford, Connecticut, conducted by the National Conference on State Parks, and the Joint Conference on Planning held in Richmond, Virginia.

Papers in Part I of the volume fall under the general subjects of national planning, national parks, the regional park system of Washington, D. C., state planning, roadside improvement, and state parks. Section II, consisting of the proceedings of the Joint Conference on Planning, discusses planning as it affects and deals with the city, the county, the state, the region, and the nation.

The annual, as usual, is well illustrated.

*

A Study of Public Recreation in Cleveland. By Leyton E. Carter and Edward A. Levy. Cleveland, Cleveland Foundation, 1936. 148 pp. mimeo. Apply to the Cleveland Foundation.

This is an inventory and appraisal of the public recreation facilities of Cleveland with a study of their financing and personnel, on the basis of which recommendations are made for the improvement of the recreation program. The study may well serve as a model for lay groups in other communities wishing to make similar surveys in its method of approach and excellent presentation.

NEW YORK UNIVERSITY

Law Quarterly Review

INTERNATIONAL IN INTEREST AND SCOPE

Appearing November 1, January 1, March 1, and May 1

CONTAINING

1. Articles of Technical and of General Legal Interest.
2. Current Comment on Present-day Legal Problems.
3. Notes and Comments on Important Recent Decisions and Legislation.
4. Book Reviews.

SUBSCRIPTION BLANK

Enclosed find check for $3.00 to cover subscription for the academic year 1936-1937 (Volume XIV).

.................................., 19

Name ....

Address ....

....

NEW YORK UNIVERSITY

Law Quarterly Review

Washington Square, East New York City

Now Available

THE MUNICIPAL YEAR BOOK 1936

The third issue of the only general Year Book for American Cities—an attractively bound volume containing a vast amount of up-to-date information, about 960 cities over 10,000 population, not available from any other source.

CONTENTS

Part I. *Resume of Municipal Activities in* 1935. A summary of specific events and developments in every branch of municipal administration.

Part II. *American Local Government Units.* Directory of 960 cities—form of government, utilities owned, etc.; inter-municipal coöperation; urban counties; metropolitan areas; federal-city relations; etc.

Part III. *Municipal Personnel.* Personnel data for cities over 10,000; directory of city officials; number of employees; turnover; etc.

Part IV. *Municipal Finance.* Trends in municipal debt; federal aid to cities; state grants-in-aid; state-administered locally shared revenues; state-administrative supervision over local budgets, taxes, debt, and accounting; etc.

Part V. *Sources of Information.* Selected publications issued in 1935, federal services, model ordinances, etc.

476 pages clothbound, $4, postpaid. Order from

International City Managers' Association

850 East 58th Street, Chicago